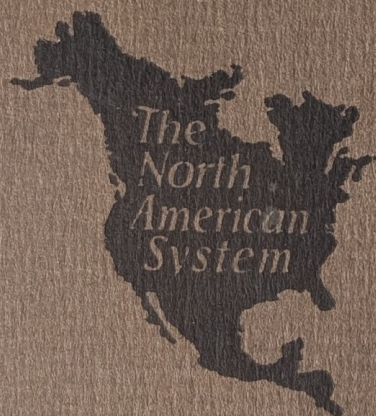
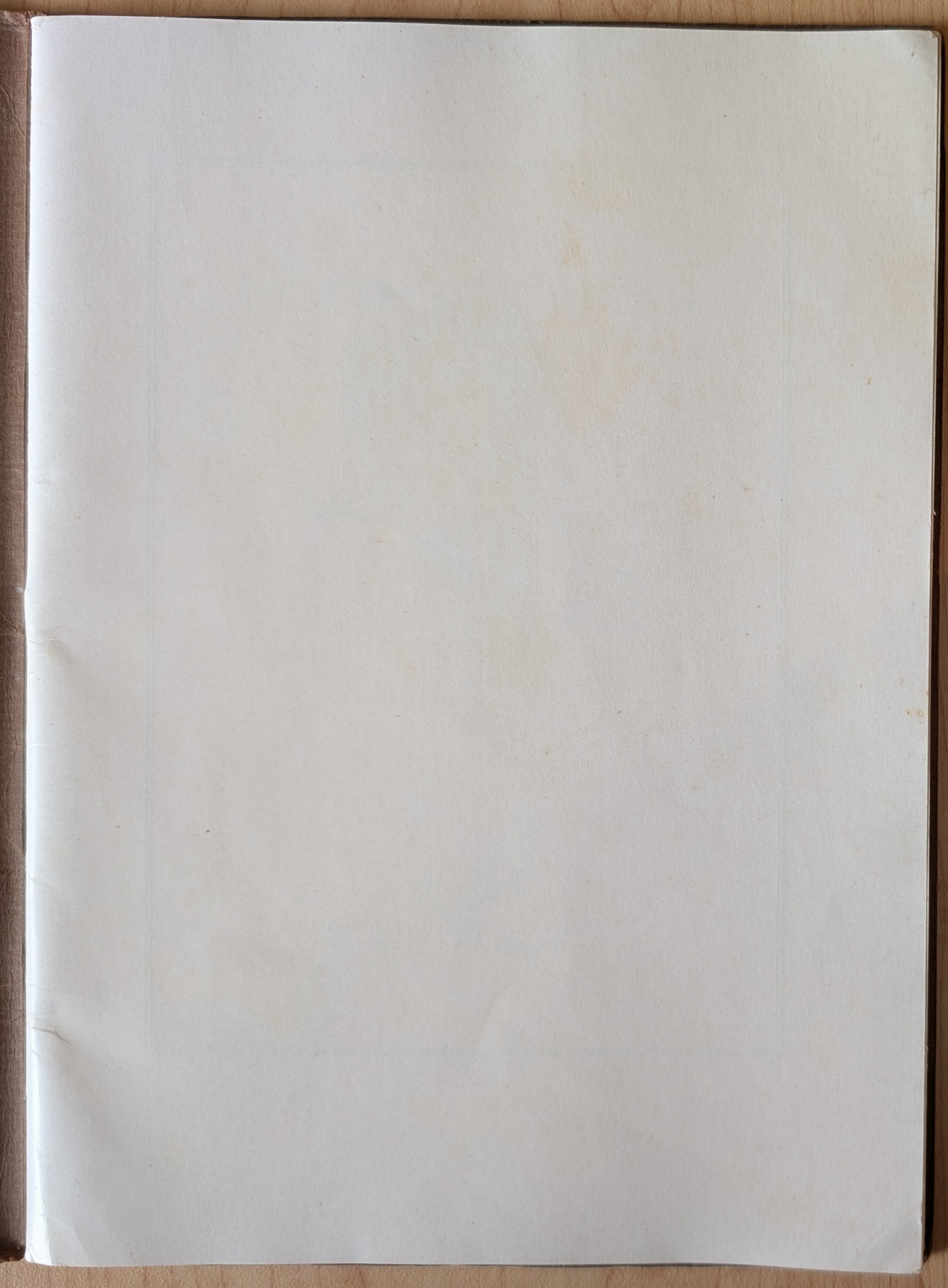


THE
NORTH AMERICAN
COMPANY





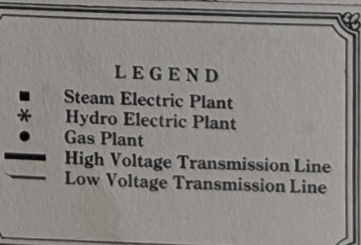
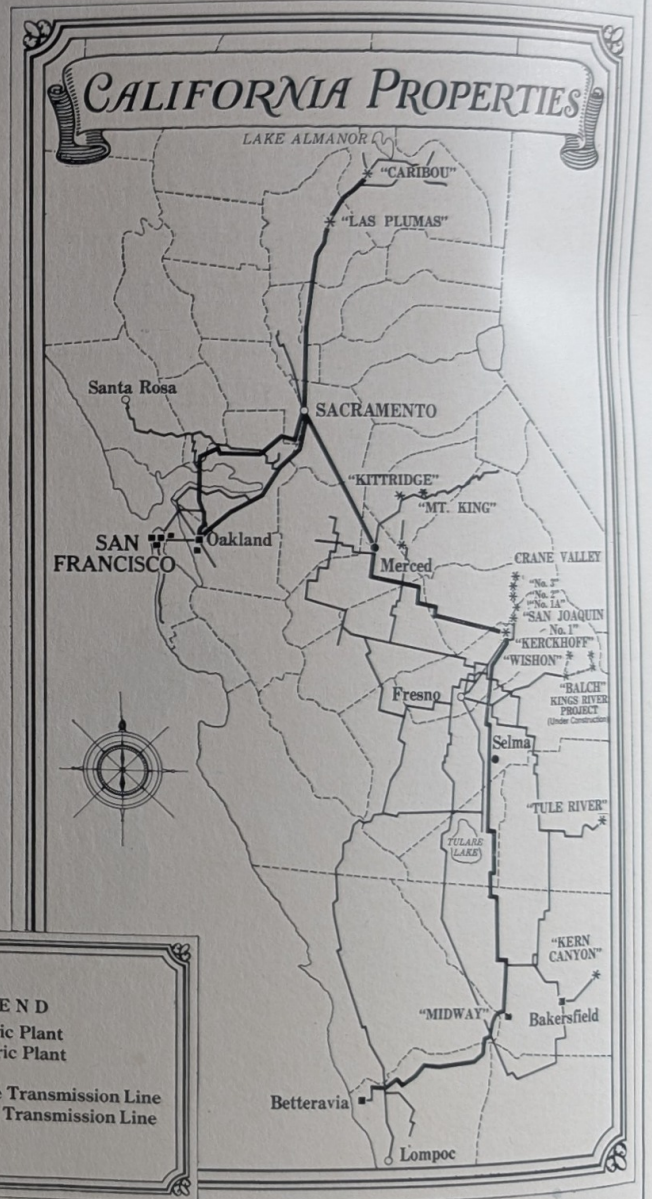
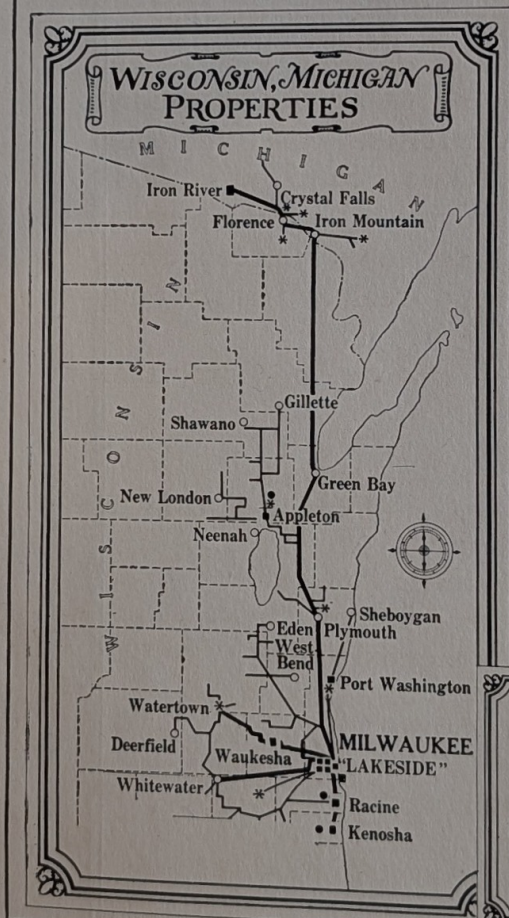
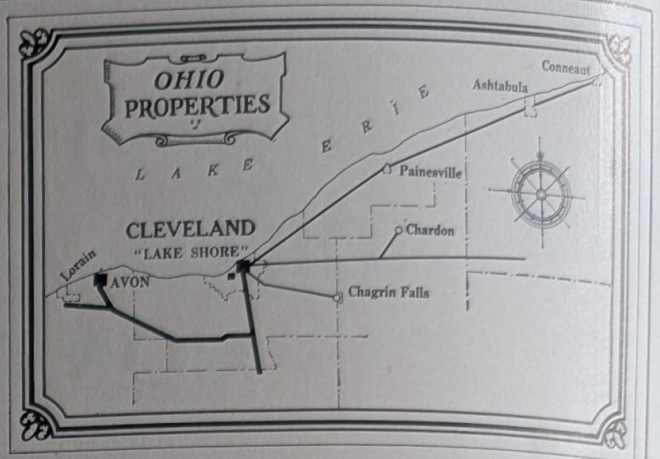
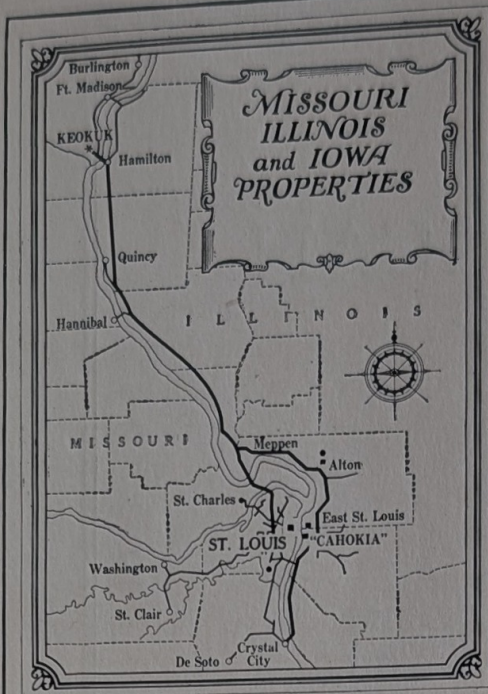


THE NORTH AMERICAN BUILDING
60 BROADWAY NEW YORK

THE NORTH AMERICAN COMPANY

AN ACCOUNT OF THE PART OF THE
NORTH AMERICAN COMPANY IN
THE DEVELOPMENT OF THE PUBLIC
UTILITY INDUSTRY AND THE CON-
SEQUENT GROWTH OF ITS PROPERTIES,
ITS BUSINESS AND ITS EARNINGS.





The North American Company

THE NORTH AMERICAN COMPANY, incorporated under the laws of the State of New Jersey in 1890, is one of the oldest, largest and most successful public utility holding companies in the United States.

The subsidiaries which it controls, through ownership of at least 75 per cent of the common stock and a voting majority of all stock, are engaged in the furnishing of public utility services essential to the social and economic welfare of the territories in which they operate. The predominant operations of the subsidiaries consist of the generating and supplying of electric energy for lighting and commercial and industrial power. Other operations, forming a relatively small part of the total, are the furnishing of gas, steam heating, water and transportation services. In addition the company controls large properties engaged in the production of bituminous coal.

The electric light and power properties, which together contribute more than 85 per cent of consolidated net income from operations, constitute four large groups centering respectively in Cleveland, Ohio; St. Louis, Missouri; Milwaukee, Wisconsin; and central California. These property groups, each with its large modern generating stations, have interconnected transmission lines serving directly wide surrounding areas and furnishing power to other public utilities.

The controlled subsidiaries include such well known and important public utility companies as the following:

Ohio THE CLEVELAND ELECTRIC ILLUMINATING COMPANY	Wisconsin—Michigan THE MILWAUKEE ELECTRIC RAILWAY & LIGHT COMPANY WISCONSIN ELECTRIC POWER COMPANY WISCONSIN GAS & ELECTRIC COMPANY WISCONSIN TRACTION, LIGHT, HEAT & POWER COMPANY PENINSULAR POWER COMPANY
Missouri—Illinois—Iowa UNION ELECTRIC LIGHT & POWER COMPANY (Missouri) UNION ELECTRIC LIGHT & POWER COMPANY OF ILLINOIS MISSISSIPPI RIVER POWER COMPANY CENTRAL MISSISSIPPI VALLEY ELECTRIC PROPERTIES EAST ST. LOUIS LIGHT & POWER COMPANY THE ST. LOUIS COUNTY GAS COMPANY	California GREAT WESTERN POWER COMPANY OF CALIFORNIA SAN JOAQUIN LIGHT & POWER CORPORATION MIDLAND COUNTIES PUBLIC SERVICE COR- PORATION

THE NORTH AMERICAN SYSTEM

1910 — 1926

GROWTH IN OPERATIONS

	YEAR ENDED DECEMBER 31, 1910	YEAR ENDED JUNE 30, 1926	PER CENT INCREASE
Total Customers Served.....	62,538	991,647	1486
Electric Customers.....	44,919	890,583	1883
Electric Generating Capacity (Kilowatts).....	86,550	1,252,759	1347
Electric Output (Kilowatt-hours).....	242,063,286	4,515,657,893	1765
Gas Customers.....	17,295	79,993	363
Gas Output (Cubic Feet).....	453,063,300	3,836,848,200	747
Electric Railway Revenue Passengers.....	98,107,916	181,884,250	85
Electric Railway Car Miles.....	16,915,312	29,720,206	76
Bus Revenue Passengers.....	0	9,876,506	....
Bus Miles.....	0	6,486,204	....
Steam Heating Customers.....	324	2,234	590
Coal Produced (Tons).....	503,761	3,939,400	682

Figures for June 30, 1926 are combined figures for full twelve months of all subsidiaries controlled on that date.

GROWTH IN EARNINGS AND RESERVES AND SURPLUS

YEAR ENDED DEC 31	GROSS EARNINGS	NET EARNINGS	BALANCE FOR DIVIDENDS, DEPRECIATION AND SURPLUS	BALANCE AFTER DEPRECIATION	ACCUMULATED RESERVES AND SURPLUS END OF PERIOD
1910	\$ 10,953,416	\$ 4,928,737	\$ 2,823,533	\$ 1,673,126	\$ 9,128,243
1915	16,193,080	5,949,232	3,245,872	2,001,075	18,040,061
1920	39,611,162	9,500,811	5,396,288	2,690,335	27,708,533
1921	38,853,190	12,061,934	6,711,142	3,471,310	32,600,473
1922	55,234,492	19,422,448	11,303,731	6,093,849	44,109,767
1923	75,465,267	27,176,069	16,253,454	9,385,458	54,949,590
1924	80,117,255	29,955,492	18,378,576	10,582,765	67,796,627
1925	93,028,967	38,041,841	22,724,023	13,296,111	†95,398,111
1926*	107,320,302	46,567,973	26,038,917	15,026,077	†106,543,761

* Year ended June 30.

† Does not include capital surplus which amounted on Dec. 31, 1925, to \$23,741,645 and on June 30, 1926, to \$23,924,208.

The territories served are among the most important industrial centers of America. The development of the industrial areas served by the North American System has been much more rapid than that of the country as a whole, and their business has increased in still greater proportion under intensive development of the continually expanding field of electricity.

In addition to the companies under direct control, The North American Company has substantial investments in other large public utility companies including Washington Railway and Electric Company, Washington, D. C., and The Detroit Edison Company, Detroit, Michigan. Based on the property investments and other assets of these latter companies, and their earnings in excess of the dividends actually received by The North American Company on its investments therein, there are substantial additional equities applicable to The North American Company's holdings which are not reflected in its consolidated statements.

Capitalization

The capitalization of The North American Company is as follows:

	Shares Authorized	Shares Outstanding June 30, 1926
Preferred Stock, 6% Cumulative, (\$50 par value)	1,200,000	606,715
Common Stock (\$10 par value)	6,000,000	3,892,225

The North American Company itself has no funded debt. Of the total issued capitalization of the operating subsidiary companies approximately 50 per cent is represented by funded debt, 22.8 per cent by preferred stocks and 27.2 per cent by common stocks.

The story of the growth and development of the North American System, as an important part in the public utility industry in the United States, together with descriptive summaries of the properties of the various subsidiaries, and the territories served, with their economic characteristics, are set forth in the following pages.



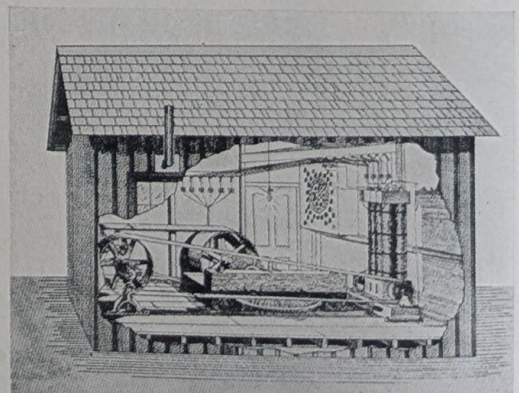
SITE OF THE FIRST HYDRO-ELECTRIC CENTRAL STATION
APPLETON, WISCONSIN

ON SEPTEMBER 30, 1882, THE FIRST HYDRO-ELECTRIC CENTRAL STATION IN THE WORLD BEGAN OPERATIONS. (1) SHOWS ORIGINAL SITE OF THE PLANT, AND (2) (3) AND (4) SUBSEQUENT LOCATIONS OF THE STATION. AT (4) CAN BE SEEN THE PRESENT STEAM AND HYDRO PLANT, WHICH HAS A CAPACITY OF 23,750 KILOWATTS



THE WORLD'S FIRST HYDRO-ELECTRIC
CENTRAL STATION, ON VULCAN STREET,
APPLETON, WISCONSIN

THE GENERATING EQUIPMENT OF THE
ORIGINAL APPLETON STATION, SHOW-
ING THE EDISON "K" DYNAMOS OF
200 KILOWATTS CAPACITY



The Expanding Electric Light and Power Situation in the United States

WHILE, up to the beginning of the Twentieth Century, remarkable progress had been made in the development of the electric light and power industry, the industry's greatest growth has been achieved during the past 25 years.

Historians of the future will appraise the achievements of today and be forced to the conclusion that the electric industry has brought a greater increase in material well being than has resulted from any other economic cause. The economic revolution wrought by the marvelous man-conceived and constructed devices for the use of electricity for lighting, power, communication and transportation, continues to lessen time and distance, create new wealth, and provide new conceptions of the ideal in industrial, agricultural and social conditions. Since the beginning of the present century the adaptations of electric energy have enlarged astoundingly. Yet, with the likely repetition of the history of the past 25 years, what today we consider gigantic will seem insignificant compared with the developments of tomorrow. The first 200-kilowatt dynamo of 1882 became a pigmy beside the 5,000-kilowatt generator of 1902. Today, less than 25 years later, there is little surprise occasioned by the installation of a generator of 100,000 kilowatts, capable of doing the work of 3,000,000 men.

Turns of the road in the course of human events are rarely perceived when the turning is in progress. However, it does not require second sight to be aware of the definite and rapid changes in the economic betterment of the world following the advent of the useful adaptation of energy from electricity.

With the initiatory impetus of the pioneers, aided by public confidence, utility companies have constantly grown until today their business constitutes one of the major industries of the world. The investment in public utility companies in the United States is twenty-five and a half billion dollars, of which more than seven and a half billion is in the electric light and power industry. Each year must see new millions added to provide for the facilities necessary to serve the public adequately.

The public utility company must anticipate the needs of the territory dependent upon it, and capital must be obtained to provide the great plants and systems required for these services.

History shows that the rate of development of public utility companies in important centers exceeds the rates of increase in population, manufacturing, and general business. The great and constant growth in the volume of business of utility companies accompanied by constant reductions in unit

severally caused their respective corporate names and seals to be hereto affixed and attested by their several proper officers thereunto duly authorized, and the said Edison has hereunto set his hand and seal, at the City of New York, as of the day and year first above named, this agreement being for convenience simultaneously executed in three like parts.

Thomas A. Edison

Witness to Mr. Edison:

W. H. H. H.



EDISON GENERAL ELECTRIC COMPANY,
By

J. H. H. H.
Vice President.



Attest:

J. H. H. H.

Attest. Secretary.

THE NORTH AMERICAN COMPANY,
By

Waldor Billard
2nd Vice-President.



Attest:

Edmund Edison

Secretary.

[28069]

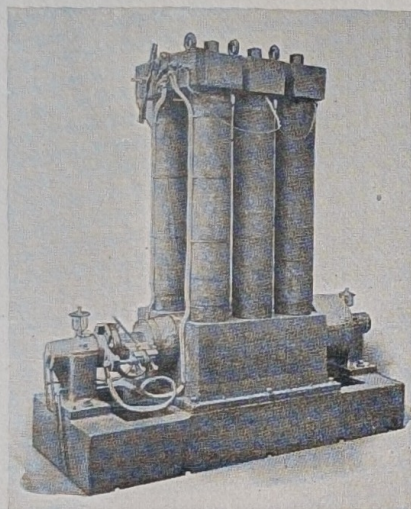
SIGNATORY PAGE OF CONTRACT, DATED OCTOBER 1, 1890, BETWEEN THOMAS A. EDISON, THE EDISON GENERAL ELECTRIC COMPANY AND THE NORTH AMERICAN COMPANY FOR THE DEVELOPMENT OF THE ELECTRIFICATION OF RAILROADS AND THE TRANSMISSION OF ELECTRICAL POWER

EDISON'S FIRST ELECTRIC
LOCOMOTIVE, 1880

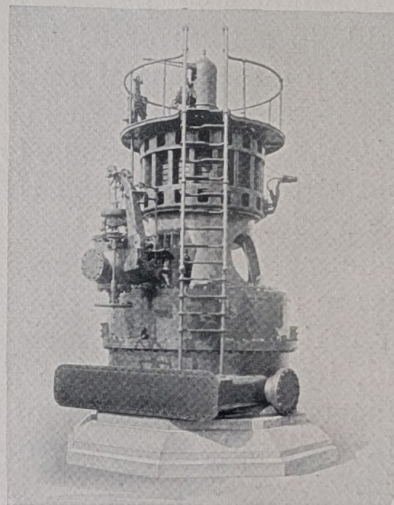


operating costs may be expected to produce larger earnings, without exceeding a fair return on the investment in property devoted to the public use.

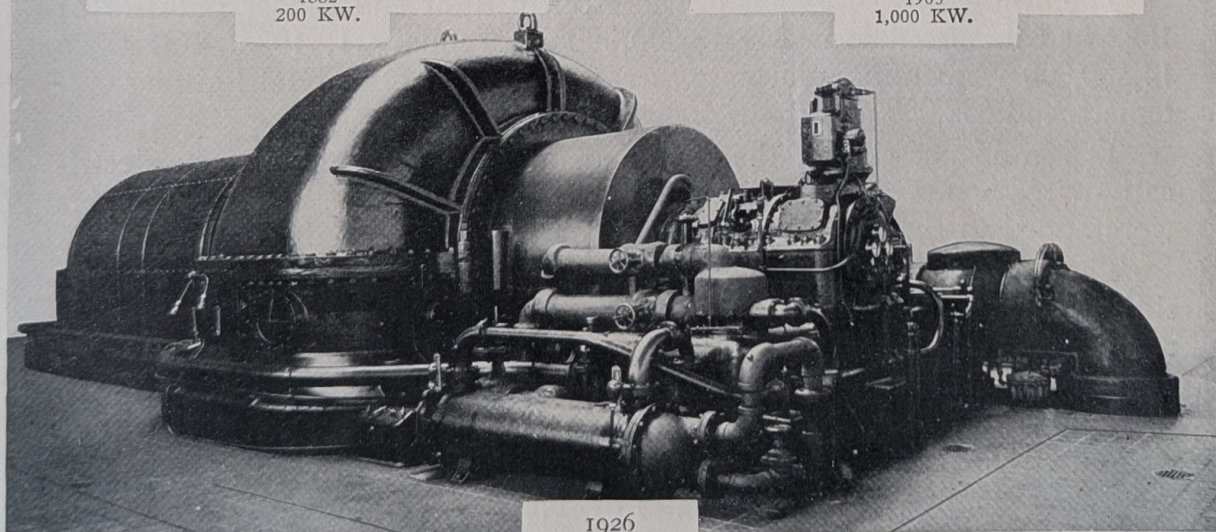
Many factors combine to make securities of the public utilities attractive investments. Efficient management, excellent public and employe relations and constructive governmental regulation together have resulted in a substantial and stable earning power. Improvements in design and construction of operating facilities have measurably lowered costs of operation and released for other purposes great quantities of coal and oil.



1882
200 KW.



1905
1,000 KW.



1926
30,000 KW.

ELECTRIC POWER GENERATION OF YESTERDAY AND TODAY

THE EDISON "K" DYNAMO IN THE APPLETON PLANT IN 1882; THE CURTIS STEAM TURBINE-GENERATOR IN THE COMMERCE STREET PLANT, MILWAUKEE, IN 1905; AND ONE OF THE LARGE HORIZONTAL TURBINE-GENERATORS IN THE "LAKESIDE" PLANT TODAY

It has been said that an industry may be considered a public utility when it becomes an instrumentality in the improvement of life—when the economic need which such an industry satisfies is of such a nature that it is generally recognized as a common necessity for civilized life.

The dependence of industry, agriculture, commerce and the home on the electric light and power companies today cannot be more strikingly illustrated than by consideration of the extent of the facilities they provide for public service.

In the first quarter of the present century the gross earnings of the electric light and power industry in the United States have increased 18-fold, to a total of \$1,470,000,000 in the year 1925. The generating capacity of the central station plants increased in the same period from 1,212,235 kilowatts to 22,806,000 kilowatts, and their output increased from 2,507,000,000 kilowatt-hours to 65,870,000,000 kilowatt-hours. The electric output of the plants in the United States is more than that of the balance of the world.

The increase in gross earnings of the electric light and power companies in the first quarter of this century far surpassed the increases in other major industries, such as the automobile industry which increased 9-fold, iron and steel industry, which increased 6-fold; telephone and chemical industries, each of which increased 5-fold; textile industry, 4-fold; railroad freight revenue, 4-fold; and manufactured gas industry, 3-fold.

The original 59 customers of the electric light and power industry of 1882 had increased to nearly 18,000,000 on January 1, 1926. Of these 14,500,000 were residential customers; 2,780,000 commercial lighting customers, and 632,000 power customers.

Today, 55 per cent of the people in the United States live in electrically-wired homes. In 1925 alone more than a million residential customers were added to the electric light and power companies' lines.

The aggregate output of electric energy for the year 1925 of the subsidiaries making up the North American System at the close of that year, amounted to 4,234,000,000 kilowatt-hours, the equivalent of 6.43 per cent of the entire output of all central station plants in the United States.

The output of The North American Company's subsidiaries in 1925 exceeded the combined output of all central stations in each of 43 states, the only exceptions being the states of New York, Pennsylvania, California, Illinois, Ohio.

The volume of the electric service furnished by the North American subsidiaries becomes even more impressive when considered in relation to the output of the electric plants in other countries. In the year 1924, the

latest year for which electric production figures of other countries are available, the combined output of the properties now constituting the North American System was 3,878,000,000 kilowatt-hours, and during that year there were only six countries other than the United States which produced more electric energy than that amount as is shown in the following tabulation:

KILOWATT-HOURS		KILOWATT-HOURS	
Canada	8,099,000,000	Italy	5,400,000,000
Japan	8,000,000,000	Sweden	2,349,000,000
Great Britain.....	6,682,000,000	Switzerland	1,970,000,000
France	6,000,000,000	Hungary	1,663,000,000
Germany	6,000,000,000	Australia	1,308,000,000

From this it will be noted that the electrical output of the North American System in 1924 was approximately one-half that of either Canada or Japan; two-thirds that of Great Britain, France, Germany or Italy; and greatly surpassed that of any other country.

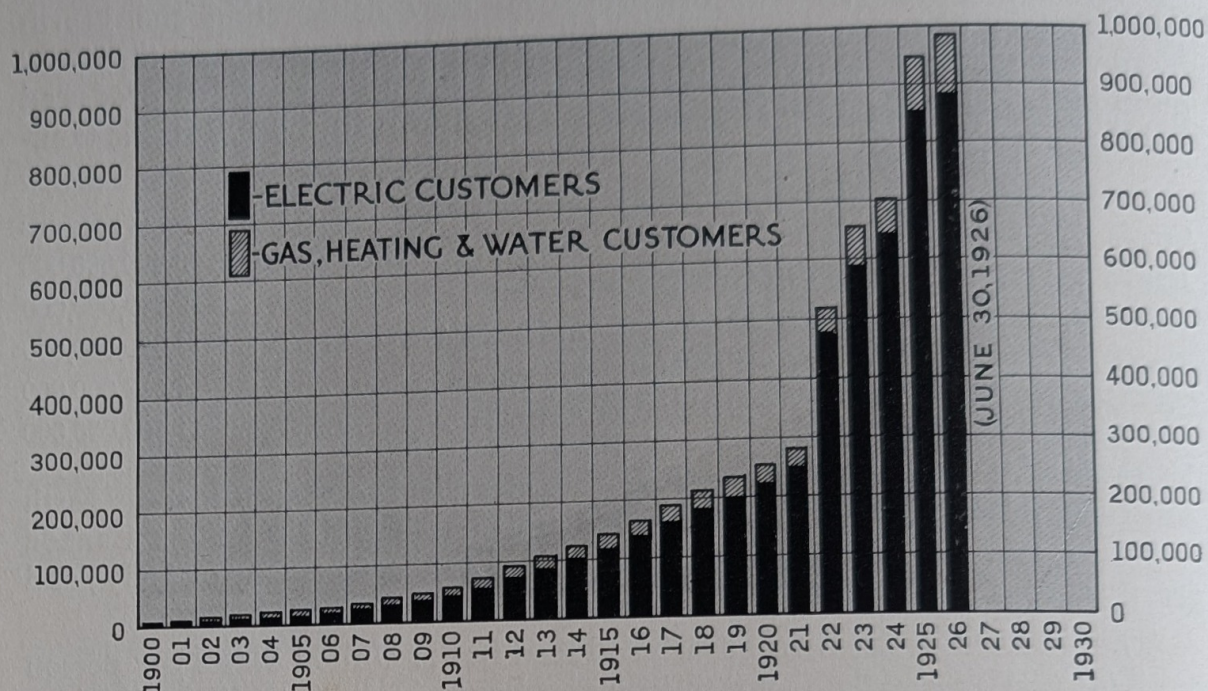
The number of electric units produced in the United States per person has increased gradually from 32 kilowatt-hours in 1902 to 67 in 1907, to 122 in 1912; to 249 in 1917; to 376 in 1920; to 485 in 1924 and to 536 in 1925.

The average per capita production of each of the groups of properties of the North American System and for the system as a whole substantially exceeds the per capita figure for the United States. The average production of the North American System in 1925 was 777 kilowatt-hours. For the Cleveland system the per capita production was 825 kilowatt-hours; for the Mississippi Valley system, 828 kilowatt-hours; for the Wisconsin-Michigan system, 606 kilowatt-hours; and for the California system 842 kilowatt-hours.

The continued growth in population, the steady expansion of industry and the extended adaptation of electric power to new uses, have resulted in steady and remarkable increases in the use of electric current.

Electricity has become an important national necessity in which there is little if any competition in individual cities.

The electric business is conducted on a cash basis, with practically no losses from bad accounts and, since electricity is generated only as used, there are no inventory losses in consequence of overproduction.



NUMBER OF CUSTOMERS IN THE NORTH AMERICAN SYSTEM

YEAR (Dec. 31)	ELECTRIC	GAS	STEAM HEATING	WATER	TOTAL
1900	1,511	.....	.....	.....	1,511
1905	16,978	10,420	54	.....	27,452
1910	44,919	17,295	324	.....	62,583
1915	120,372	25,784	572	.....	146,728
1920	224,299	36,475	783	.....	261,557
1921	249,186	37,660	804	.....	287,650
1922	478,315	41,151	1,291	.....	520,757
1923	598,359	61,050	1,562	3,784	664,755
1924	644,431	59,435	1,637	.....	705,503
1925	845,323	77,215	1,765	18,722	943,025
1926 (June 30)	890,583	79,993	2,234	18,837	991,647

History of The North American Company

IN 1890, less than eight years from the date of the opening of the first commercial electrical central station in the world, The North American Company was incorporated by a group of far-seeing pioneers, who had been prominent in the industry from its very beginning. There was considerable romance in the early history of the Company in that it grew out of the activities of Henry Villard, the eminent Civil War reporter and newspaper editor who, in the '70's, became interested in corporate financing and later in railroad building in the Far West.

Mr. Villard was one of those associated with Thomas A. Edison in the initial development of electricity in the '80's, and in 1881 an agreement was made between them by which certain experiments were to be made in the adaptation of electricity to railway operation in anticipation of equipping lateral railway lines as feeders to the Northern Pacific Railway throughout its grain territory. In 1890 an agreement was entered into between Mr. Edison, the Edison General Electric Company, just previously organized by Mr. Villard, and The North American Company for the intensive development of electrification of railroads and the attendant transmission of electric energy necessary therefor.

The activities of Mr. Villard and his associates in various fields and the realization of the great advantages that would accrue from centralized control, through a strong holding company, of individual electric light and power and electric railway companies, resulted in the formation of The North American Company.

COMMUNITIES SERVED BY THE NORTH AMERICAN SYSTEM ON JUNE 30, 1926

COMMUNITIES SERVED	OHIO	MISSOURI			TOTAL SYSTEM
		ILLINOIS	WISCONSIN	CALIFORNIA	
		IOWA	MICHIGAN		
Total (excluding duplications)	87	119	263	230	699
<i>Class of Service</i>					
Electric Light and Power.....	87	101	224	222	634
Manufactured Gas.....	..	21	9	5	35
Water	..	..	..	3	3
Steam Heating	1	1	2	2	6
Electric Railway	..	28	35	1	64
Buses	..	7	76	1	84
Area in square miles	1,015	1,834	6,160	7,810	16,819
Population (estimated).....	1,200,000	1,450,000	1,400,000	1,400,000	5,450,000

The Company's first investments were in electric properties in Milwaukee, Wisconsin, with which various new plants erected in adjacent territories were consolidated from time to time. In 1901 The North American Company negotiated the acquisition of electric properties in St. Louis, Missouri, which have since been greatly enlarged by consolidations and construction and purchase of additional plants and systems until today the system extends 250 miles through the Mississippi Valley.

Control of the Cleveland properties was acquired in 1922 and they now rank among the most important subsidiaries. Recent acquisitions in this field have extended the territory from the city of Cleveland to the Pennsylvania state line on the east, more than 100 miles distant.

In 1925, The North American Company entered another state, California, acquiring control of public utility companies with large and important water power developments and supplying electric light and power, gas and water to central California.

In more than seven hundred communities one or more classes of public utility services are furnished, about 630 of these being served with electric light and power. The aggregate population of the territories served by the North American System exceeds 5,450,000. Electric energy, which is generated in 50 stations, 27 using steam power and 23 hydro power, is supplied to the great industrial centers of Cleveland, Ohio; St. Louis, Missouri; East St. Louis and Alton, Illinois; Milwaukee, Racine, and Kenosha, Wisconsin; San Francisco, Oakland, Sacramento and Fresno, California; and the surrounding territories.

Gross earnings of subsidiary companies for the year ended June 30, 1926, including earnings of recently acquired properties only since the date of their acquisition, amounted to \$107,320,302.

On June 30, 1926, the subsidiaries were furnishing public utility services to 991,647 customers. Of these, 890,583 were being supplied with electric light and power, 79,993 with gas, 18,837 with water, and 2,234 with steam heating service.

During the year ended June 30, 1926, the electric output of the subsidiaries controlled on that date amounted to 4,515,657,893 kilowatt-hours, and their gas output amounted 3,836,648,200 cubic feet.

It is the policy of the Company not only to develop constantly and soundly the properties of its subsidiaries, but to acquire control of new properties when such acquisitions offer attractive possibilities of sound and profitable growth.

The National Aspect of the Public Utilities

CLOSELY paralleling the almost uninterrupted growth of the public utilities in the United States has been the development of the public utility holding company. The holding company in the utility field has been largely instrumental in changing the status of public utilities from a local to a national aspect. The greatest development of the holding company has been in the electric light and power industry, a natural result of the development of long distance transmission of electric energy, permitting the interconnection and grouping of adjoining power companies.

The holding company has its foundation on the concept of the public utility as best qualified to serve the public through unified operation whereby waste, duplication and the depleting competitive warfare are eliminated, with the advantages of labor-saving, capital-conserving and modernizing of the service.

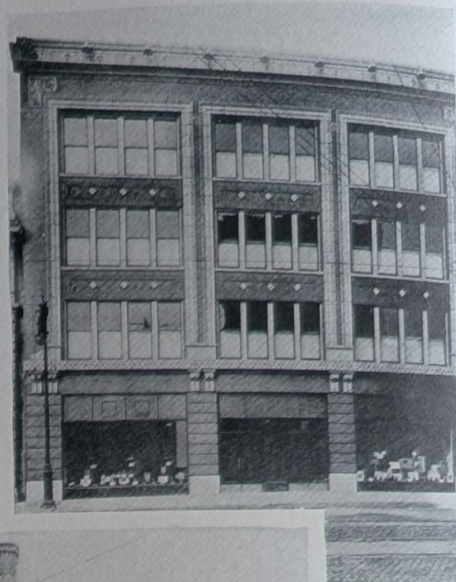
The benefits of holding company unification are manifest, and accrue alike to the customer served by the utility and the investor who owns the securities of the companies. The customer benefits through the material improvement in the quality and dependability of the service, and through lower rates, permitting a greater use of the service and resulting in a higher degree of economic industrial community growth. The stockholder benefits through the better guarantee of protection to his securities, afforded by the geographic and industrial diversification of territories served by the utilities.

The North American Company has always recognized the self-evident economic truths in the principle of holding company operation. The year of its incorporation, 1890, it took steps to unify into a single operating system all of the competing electric light and power companies and street railway companies in Milwaukee, then a city of 204,000 population. It was the first time in the United States that the electric light and power and street railway operation had been supplied from a single central station system.

Among the advantages of the holding company principle are: the obtaining of capital on more advantageous terms than would be possible to the independent companies; as a rule, the utilities are more fully extended and adjusted to meet service demands, are better maintained, more efficiently operated, and have a larger amount of business than the independent companies.



ST. LOUIS,
MO.



EAST
ST. LOUIS,
ILL.



MILWAUKEE, WIS.



CLEVELAND, OHIO



FRESNO, CAL.

SOME OF THE PRINCIPAL OFFICE BUILDINGS OWNED BY NORTH AMERICAN
SYSTEM SUBSIDIARIES AND USED AS HEADQUARTERS FOR THEIR STAFFS

The Territories Served by the North American System

FAVORED by equable climate, wealth of natural resources, rich soil and abundance of labor and electric power, the territories served by the various groups of public utility subsidiaries of the North American System are among the foremost in the United States in point of industrial and agricultural prosperity.

According to the latest census of manufactures, there were in 1923 eleven states in which the value of manufactured products exceeded one billion dollars. North American subsidiaries operate in six of these states.

		1923
RANK		VALUE OF MANU- FACTURED PRODUCTS
1	New York	\$8,960,000,000
2	Pennsylvania	7,382,000,000
3	*Ohio	5,146,000,000
4	*Illinois	5,041,000,000
5	*Michigan	3,882,000,000
6	Massachusetts	3,571,000,000
7	New Jersey.....	3,397,000,000
8	*California	2,215,000,000
9	Indiana	2,032,000,000
10	*Wisconsin	1,720,000,000
11	*Missouri	1,547,000,000

* Indicates State in which North American subsidiaries operate.

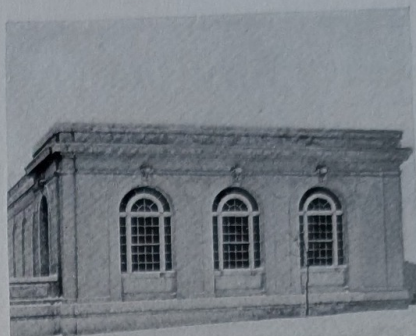
Ohio

The territory served by the North American System in Ohio, centering in Cleveland, is one of the most highly industrialized sections of the country, and the rapid growth in population, manufactures and wealth has fully attested to this fact. Ideally situated with regard to natural resources, the meeting place of iron and coal, surrounded by a rich agricultural territory, and favored with excellent transportation facilities by water and rail, Greater Cleveland is destined to maintain its rate of progress and prosperity. Important in stimulating Cleveland's growth has been the abundance of electrical power at favorable rates. Among its many and diversified industries which are factors in the city's growth are the production of iron and steel and the manufacture of automobiles and automobile parts, paints, hardware, and so forth.

In the production of pig iron the Cleveland district ranks high. An interesting fact in connection with this production is that during years of



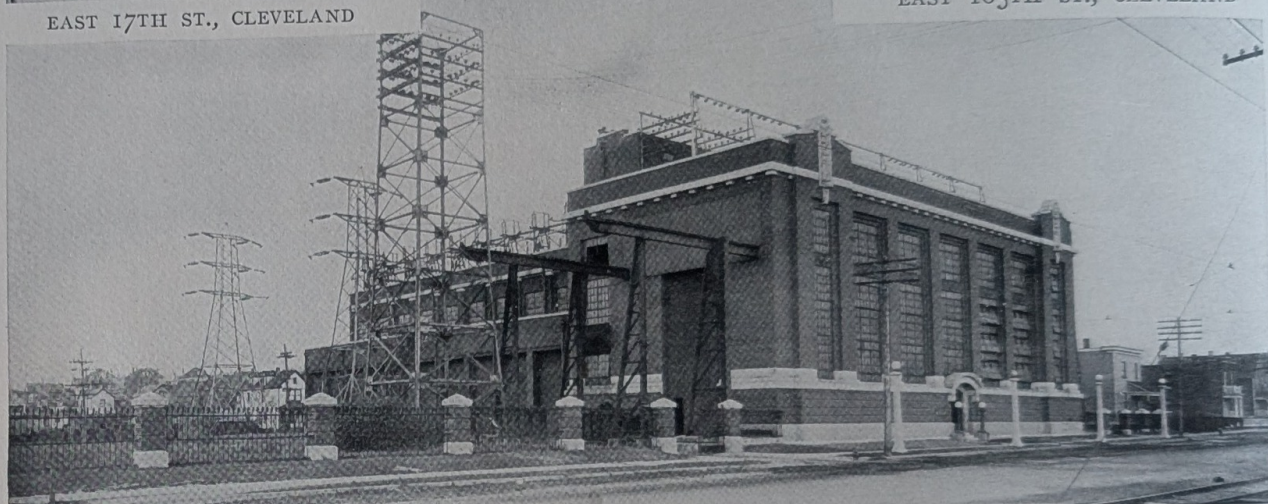
EAST 17TH ST., CLEVELAND



CEDAR AVENUE, CLEVELAND

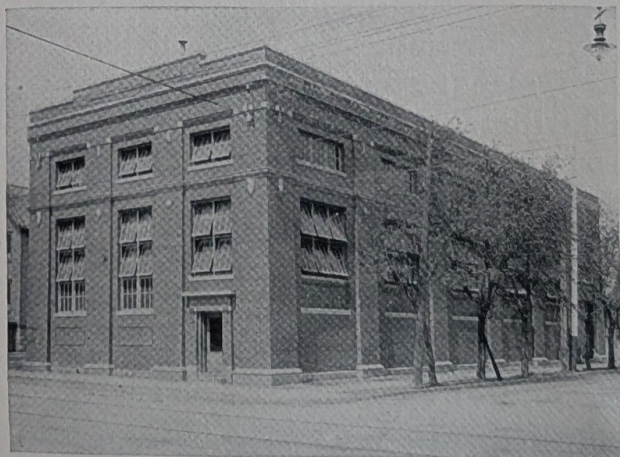


EAST 105TH ST., CLEVELAND

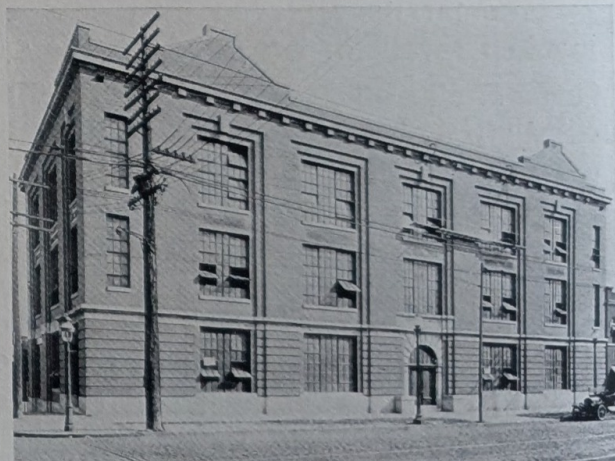


PAGE AVENUE, ST. LOUIS

WHERE HIGH VOLTAGE ENERGY FROM KEOKUK IS "STEPPED DOWN" FOR DISTRIBUTION IN ST. LOUIS



20TH ST., MILWAUKEE



SOUTH BROADWAY, ST. LOUIS

TYPICAL SUBSTATIONS OF NORTH AMERICAN SYSTEM COMPANIES, WHERE ENERGY FROM THE POWER PLANTS IS TRANSFORMED TO REQUIRED VOLTAGES FOR DISTRIBUTION

decreased production of pig iron throughout the United States as a whole, the proportion which Cleveland produces of this total has increased, owing to the geographical advantage which Cleveland enjoys over other pig iron producing centers, thus insuring low-cost production during times of depression.

Missouri, Illinois and Iowa

In the Mississippi Valley, of which St. Louis is the center, business is entering upon a period of unprecedented growth. St. Louis is almost the center of the United States, geographically and in population and agricultural production. It is the largest highly developed industrial city near the center of the great sources of raw materials. Newly discovered processes of coking promise to place St. Louis beside the Pittsburgh and Chicago districts as a steel producing center. Proximity to coal fields and the unlimited amount of electric energy insures the permanence of its factories.

With an annual total of \$818,000,000 in value of manufactured products, St. Louis stands sixth among the cities of the United States. On a per capita basis St. Louis stands second among large cities in value of manufactured products and ahead of Pittsburgh, Detroit, Cleveland, Philadelphia and New York. Diversity of industry is wide in this district: it leads the world markets in a number of manufacturing lines, such as hardware; boots and shoes; stoves and ranges; sugar mill machinery, steel furnaces.

The entire territory served by the Missouri-Illinois-Iowa subsidiaries of the North American System, from the large plate glass manufacturing district at Crystal City, Missouri, on the south, 250 miles to Burlington, Iowa, on the north, is one of strongest stability and with an exceptional promise of permanent prosperity. Within this territory the demand for electric power is growing rapidly, the St. Louis district alone doubling its demands every six years.

Wisconsin and Michigan

Wisconsin, which is the first state in the Union in value of dairy products, also ranks high in point of manufacture. Throughout the state are 10,500 manufacturing plants employing more than 300,000 workers. The most densely populated section of the state is throughout the eastern half, which is served by the North American System. Milwaukee, the central point, is the first city in the United States in diversity of industry,—more than 400 different lines being located there. The annual value of their products is approximately \$1,000,000,000. Eleven of the manufacturing plants in Milwaukee are the largest of their kind in the world.

Upper Michigan is a logical part of the industrial territory connecting with Wisconsin with extensive operations in iron ore mining. This territory is served by North American subsidiaries.

California

California has been among the first states in the country in the rapid rate of growth of its industrial products,—having shown an increase in value from \$712,000,000 in 1914 to \$2,215,000,000 in 1923, or 212 per cent increase. As to its importance in agriculture, California's farms in the decade preceding 1910 increased in number twice as fast as the United States average, while between 1910 and 1920 they increased twenty-four times as fast. More than five million acres of land are irrigated and under development,—thirty-five per cent of the fruit produced in the United States each year comes from California.

In variety of resources and potential development in agriculture, industry and population, the central California empire perhaps surpasses any territory of equal area on the face of the globe. The per capita consumption of electricity in California is much greater than in any other state. This high use applies to both agriculture and industry. The uses of power in this territory are well diversified. Power is used in large quantities throughout the summer for pumping in irrigation and in winter the reclamation plants in the Delta region of the great interior valley require power for pumping, resulting in a high load factor and more economical distribution.

The immense sources of water in the Sierras safeguard the great and growing industrial and agricultural prosperity of California.



LAKE ALMANOR, CALIFORNIA
THE LARGEST POWER STORAGE RESERVOIR IN THE WORLD

The Facilities Required to Meet and Anticipate the Demands of Industry and the Public

Ohio

THE Cleveland system generates its electric power at three large steam generating stations, the two largest of which are located on the shores of Lake Erie and the third on the Cuyahoga River. The generating plants have a present installed capacity of 376,900 kilowatts, with an ultimate capacity approximating 650,000 kilowatts.

The "Lake Shore" power station, of 288,000 kilowatts capacity has since 1924 been the largest steam electric generating station in the United States. In this plant are in operation the four largest pulverized fuel boiler units in the world, and the plant's splendid record of efficiency is well known. The "Canal Road" station, with 18,900 kilowatts capacity, has continuously provided its quota of energy to meet the residential and industrial requirements of Cleveland.

On August 4, 1926, a new steam generating station was opened at "Avon," twenty miles west of Cleveland on Lake Erie. The initial installation in this plant is 70,000 kilowatts, and its ultimate capacity is 300,000 kilowatts. Completed, it will increase the Cleveland system generating facilities to more than 600,000 kilowatts.

A 132,000 volt transmission system, connecting the generating plants, forms a belt line of power around west and central Greater Cleveland. Extensions of this system connect with other systems at South Lorain and at the Cuyahoga-Summit county line. Energy from the plants can be transmitted over these interconnecting systems into all adjoining states. A 66,000 volt cable carries the energy within the city.

To meet the requirements of the large buildings in the business district there was placed in operation in 1925 a central steam heating plant of 50,000 horsepower capacity.

Missouri—Illinois—Iowa

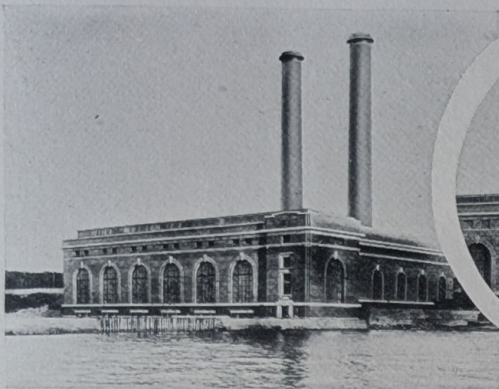
The Mississippi River system, which supplies public utility services through the richest part of the central Mississippi Valley, is one of the most modern and efficient interconnected superpower systems in the United States.

"Cahokia" steam electric generating plant, directly across the Mississippi River from St. Louis, was placed in operation in 1923, and is now rated at 145,000 kilowatts capacity with an ultimate capacity of 350,000 kilowatts. The plant, like the other modern plants in the North American System, embodies the best and latest in modern power house construc-

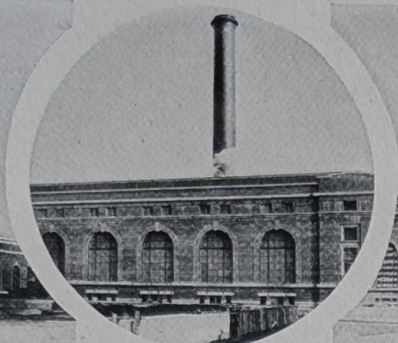


CLEVELAND, OHIO, "FIFTH CITY"

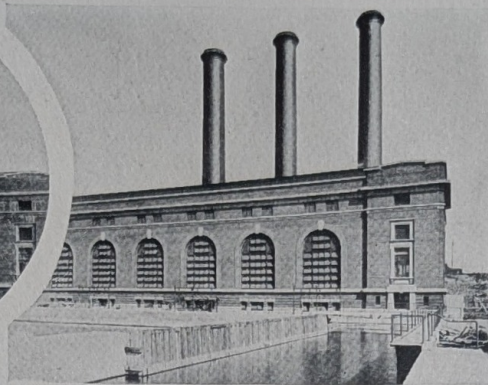
WITH A POPULATION OF CLOSE TO ONE MILLION. THE MEETING PLACE OF COAL AND IRON
SERVED BY THE CLEVELAND ELECTRIC ILLUMINATING COMPANY



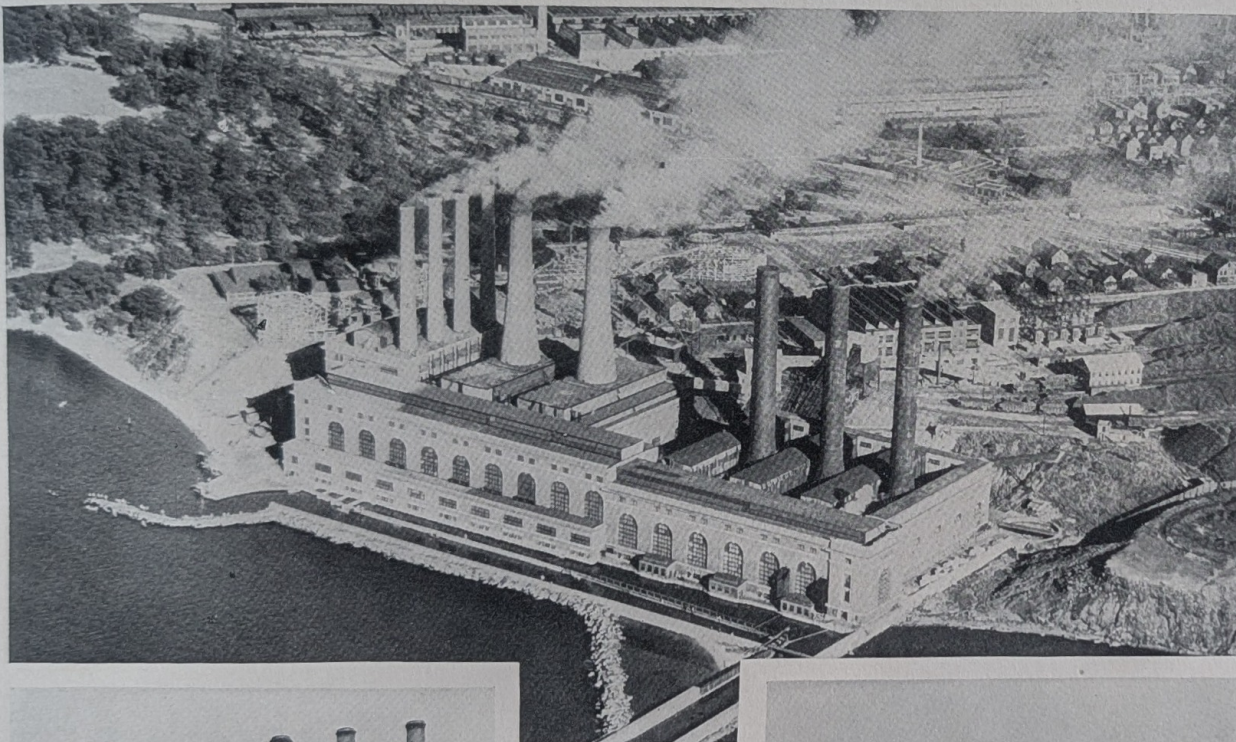
1912—61,000 KW.



1911
28,000 KW.



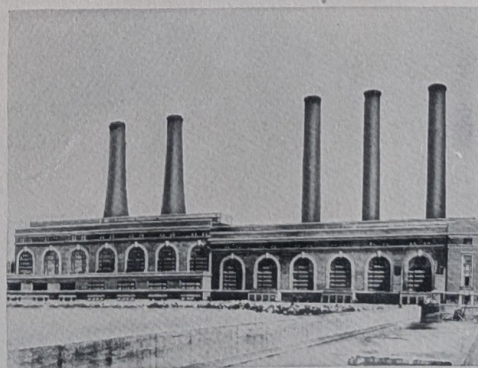
1915—96,000 KW.



TODAY
288,000 KW.



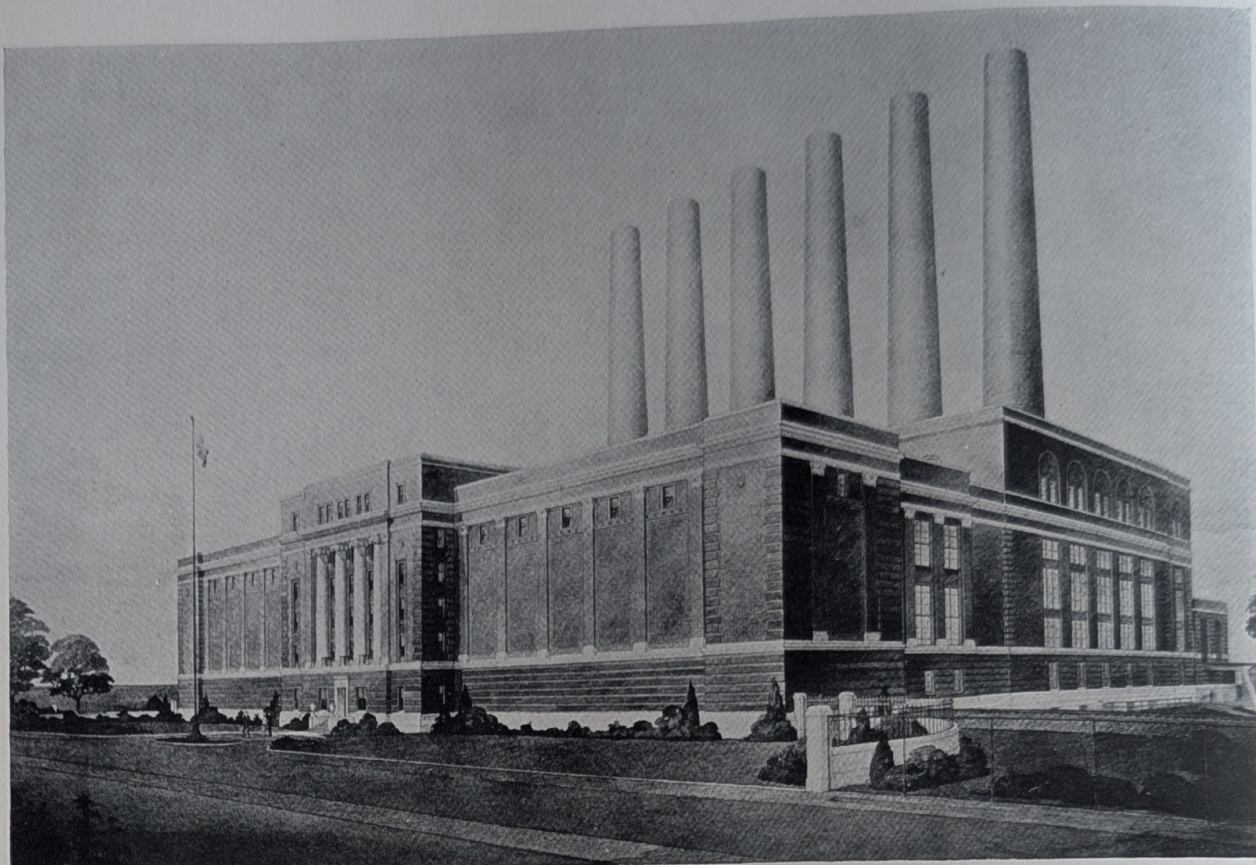
1919—178,000 KW.



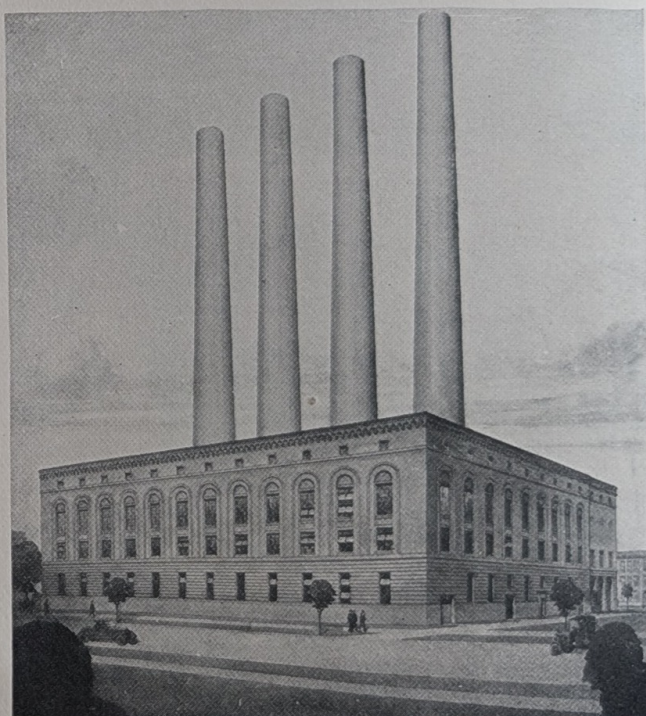
1921—203,000 KW.

THE EVOLUTION OF THE LARGEST STEAM-ELECTRIC PLANT
IN THE UNITED STATES

"LAKE SHORE" PLANT, AT CLEVELAND. THE OUTPUT OF THIS PLANT IS MORE THAN ONE BILLION
KILOWATT-HOURS ANNUALLY



"AVON" STATION, NEAR CLEVELAND
 WHEN COMPLETED THIS POWER PLANT WILL HAVE A CAPACITY OF 300,000 KILOWATTS. THE PRESENT
 CAPACITY IS 70,000 KILOWATTS



NEW CENTRAL STEAM HEATING PLANT
 AT CLEVELAND

tion and operation, including the use of pulverized coal. Construction on the third section is progressing rapidly.

The "Ashley Street" steam power plant, located in St. Louis, has grown from an original capacity of 12,000 kilowatts in 1902 to its present capacity of 122,000 kilowatts.

The famous "Keokuk" hydro-electric station and dam, 4,620 feet in length across the Mississippi River is the greatest water power development in the Middle West. The power station has a present capacity of 111,200 kilowatts, supplied through 15 generators.

The operation of these three large plants under a single superpower system results in the maximum use of capacity of each plant under the most advantageous conditions. Thus, when Keokuk is producing its maximum output of electrical energy, all of its cheaply generated hydro-electric current is sent to the customers over the high tension transmission lines, and a proportionate amount of capacity in the steam generating plants can be shut down. When water in the Mississippi River is low the steam plants quickly take over the load.

A water gas plant at Shrewsbury, Missouri, serving suburbs of St. Louis, has a daily output of 2,625,400 cubic feet. The high and low pressure distributing systems comprise approximately 372 miles of mains.

Subsidiaries serving East St. Louis and Alton, Illinois, and adjacent communities include electric power plant capacity totalling 14,850 kilowatts; 95 miles of transmission lines; 192 passenger cars and 814 freight cars.

Wisconsin—Michigan

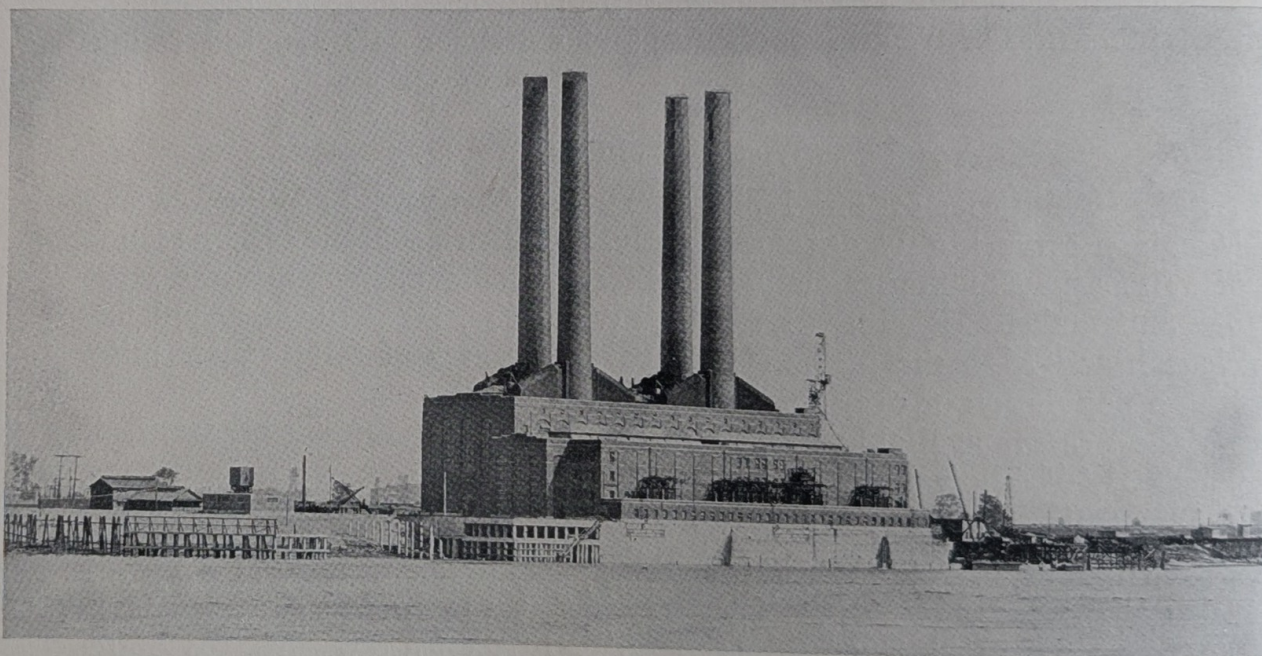
The subsidiaries of The North American Company in Wisconsin and Michigan serve highly developed industrial districts in the eastern section of Wisconsin and the upper peninsula of Michigan, including the cities of Milwaukee, Racine, Kenosha, Waukesha, Watertown, Appleton, Neenah and Menasha. The system covers an area of 6,160 square miles with a population of over 1,400,000.

The present available generating capacity totals 306,375 kilowatts, of which 31,545 kilowatts capacity is hydro-electric.

The main source of energy in this territory is the famous "Lakeside" steam generating plant, on the shores of Lake Michigan five miles south of Milwaukee. This plant began operations in December, 1920, and was the first electric generating power plant in the world built to burn pulverized fuel exclusively. Today the plant is of 160,000 kilowatts capacity. The ultimate capacity of the plant is fixed at 230,000 kilowatts. The plant is now known as "The Laboratory Power Plant of the World," having won international recognition for remarkable achievements of



ST. LOUIS, MISSOURI—POPULATION 822,000
SIXTH CITY OF THE UNITED STATES IN VALUE OF MANUFACTURED PRODUCTS
SERVED BY UNION ELECTRIC LIGHT AND POWER COMPANY



“CAHOKIA” STATION, ACROSS THE MISSISSIPPI RIVER FROM ST. LOUIS
ADJACENT TO LIMITLESS COAL; ON THE BANK OF THE WORLD’S LARGEST RIVER; AS LARGE AS A FOURTEEN
STORY BUILDING THREE BLOCKS LONG. PRESENT CAPACITY 145,000 KILOWATTS

efficiency, modern methods of operation and continuing researches into the highest development of power plant operation.

The following steam generating power plants are also in operation: Commerce Street, with 47,500 kilowatts capacity; Racine, 23,000 kilowatts; Oneida Street, with 4,750 kilowatts; and other plants and purchased power totalling 28,725 kilowatts. A combination steam and hydro-electric generating plant at Appleton is of 23,750 kilowatts capacity.

In the electric railway system are included 861 passenger cars and 124 motor buses. The operated revenue track totals 391 miles.

An interurban line is operated from Milwaukee to Port Washington and Sheboygan, 57 miles distant.

Coal gas producing plants at Racine, Kenosha, Watertown and Waukesha have an aggregate daily output capacity of 5,045,000 cubic feet. High pressure pipelines supply gas in adjacent territory.

The properties in the upper peninsula of Michigan consist of four hydro-electric power plants and one steam plant, totalling 18,650 kilowatts of capacity.

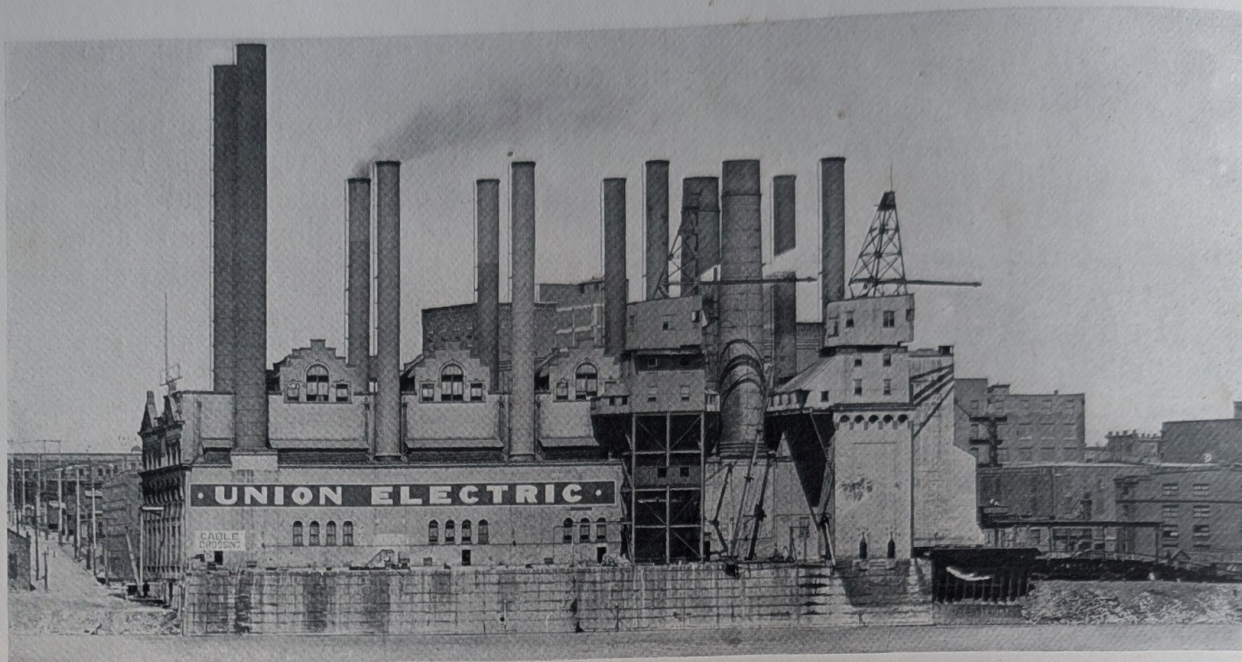
California

The electric light and power system in California consists of a super-power system serving an area of 7,310 square miles.

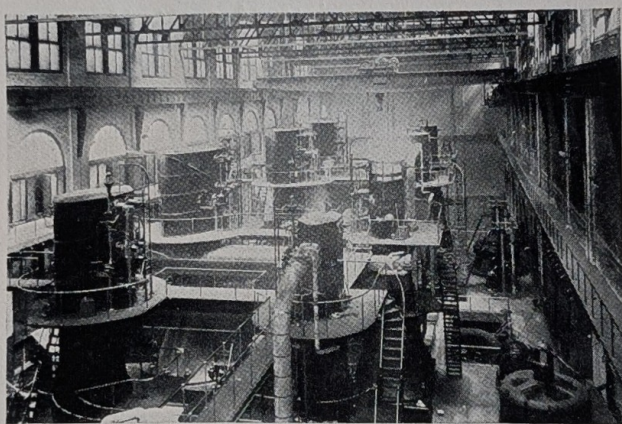
The northern section of the electric power system consists of a storage reservoir, Lake Almanor, which impounds the waters of the Feather River at a high altitude in the Sierras, and a series of hydro-electric generating plants with present installed capacity of 131,699 kilowatts, with 375 miles of high tension transmission lines to convey the power to its market in San Francisco and adjoining cities. In addition there are standby steam-electric generating plants of 30,000 kilowatts capacity.

Lake Almanor, which at present is the largest power storage reservoir in the world, is being enlarged by increasing the height of the dam. The existing dam stores 300,000 acre feet at an elevation of 4,500 feet, while the increased height will bring the sum total of storage to 1,300,000 acre feet, the equivalent of 426,000,000,000 gallons of water. The complete power development of the Feather River from the 4,500 foot elevation of Lake Almanor to the foot-hills of the Sierras will result in a total ultimate generating capacity of 750,000 kilowatts.

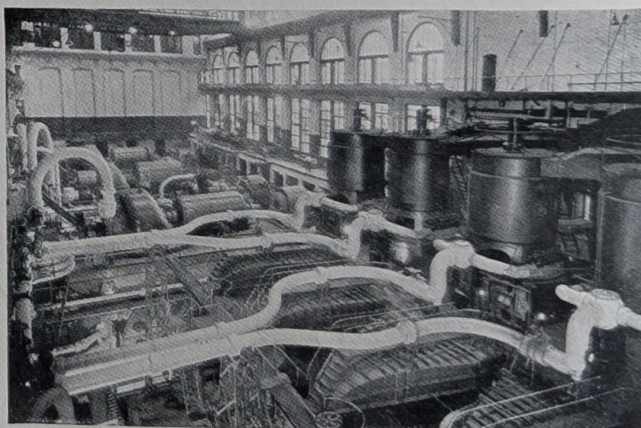
The southern section of the California system includes hydro-electric plants with a present aggregate installed capacity of 112,515 kilowatts including standby steam plants with an aggregate capacity of 43,200 kilowatts. The hydro-electric plants are capable of development to an ultimate capacity of 375,000 kilowatts. Development centers on the San



A SOURCE OF POWER FOR ST. LOUIS—ASHLEY STREET PLANT



INTERIOR OF ASHLEY STREET PLANT
IN 1902—CAPACITY 12,000 KW.



TODAY THE SAME SPACE CONTAINS EQUIPMENT
WITH 122,000 KW. CAPACITY

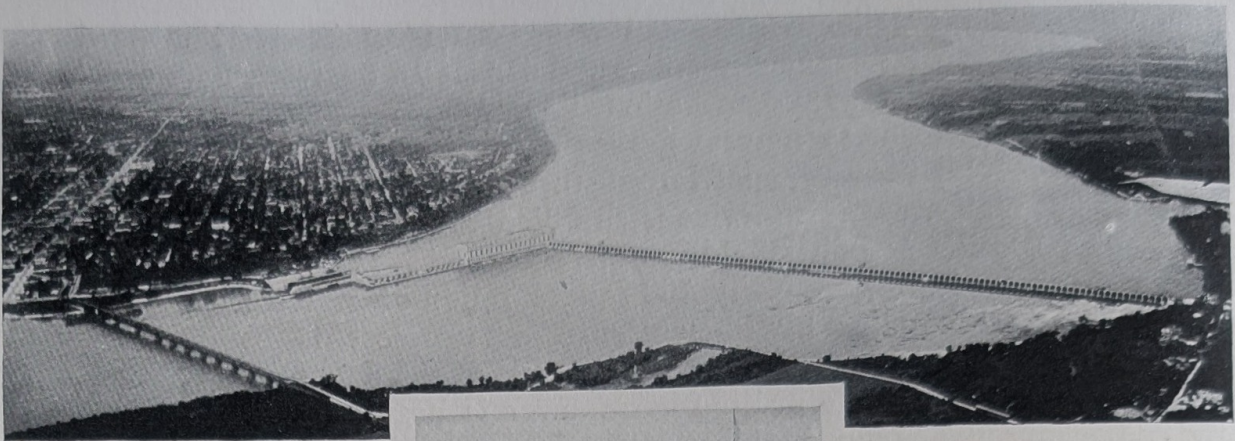
Joaquin and Kings River where the water can be successively utilized through a series of storage reservoirs and dams. In the section are 6,792 miles of transmission and distribution lines. Two manufacturing gas plants and supplementary natural gas supply serve customers in the three cities, Bakersfield, Selma, and Merced through systems containing 169 miles of gas mains. Water service is supplied at Selma and street railway transportation at Bakersfield.

In an area of approximately 100 square miles of watersheds of the Kings River the major hydro-electric power project is being developed to supply power for the future demands of the San Joaquin Valley. It is estimated that half a million horsepower is possible of development by conserving the water in high reservoirs and diverting the streams through a series of power houses. The Balch power plant, the first of the series of plants to be constructed, will be placed in operation about January 1, 1927. Thirty thousand kilowatts will be developed in the first unit, the ultimate capacity of the plant being 120,000 kilowatts, generated in four units. Water from the North Fork will be diverted by a dam through a 12 by 12 foot tunnel 19,500 feet long. The water driving the water wheels will have a drop of 2,381 feet in a distance of 4,854 feet of penstock line, one of the highest heads in the world.

In August, 1926, a 104-mile connecting transmission line of 220,000 volts was completed between the lines of the northern and southern sections of the California system forming an interconnected superpower system 450 miles in length, with distributing laterals averaging 150 miles. The use of this line improves the operating conditions of both properties as the seasonal peak load of the northern properties occurs during the winter months while the seasonal peak load of the southern properties occurs during the summer time because of the large use of power for pumping water for irrigation purposes.

Kentucky

The present properties in Kentucky constitute the largest coal operation in the Western Kentucky field, with 22 mines in Union, Webster, Hopkins and Muhlenberg counties, with a present annual capacity in excess of 5,000,000 tons. In addition to ownership of mineral rights underlying more than 73,000 acres of coal land, the subsidiary holds favorable leaseholds of additional mineral rights underlying approximately 2,400 acres, with sufficient surface lands for mining operations. The total recoverable coal is estimated at more than 400,000,000 tons, sufficient for more than 100 years operations at the present rate of output. Underlying these lands are coals of high grade for domestic and steam purposes, and a gas coal of excellent quality.

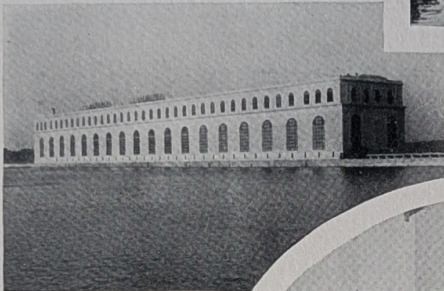


IOWA SIDE AND CITY OF
KEOKUK

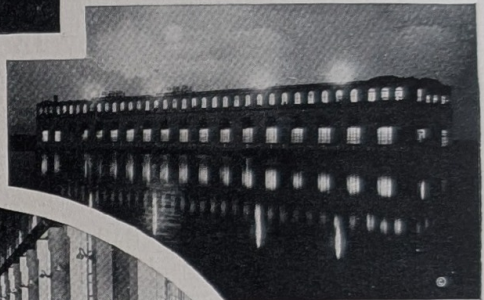


NAVIGATION THROUGH
THE LOCKS

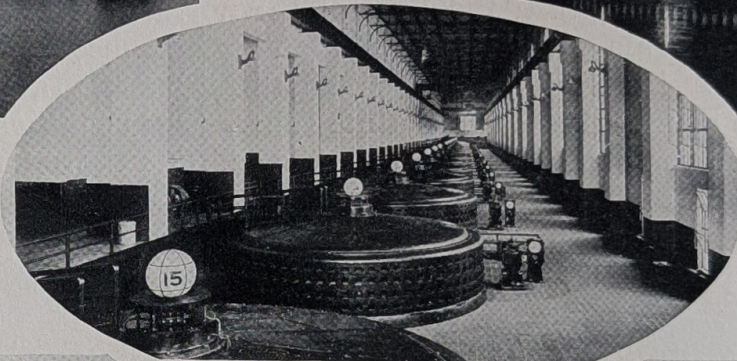
ILLINOIS SIDE AND PORTION OF
HAMILTON



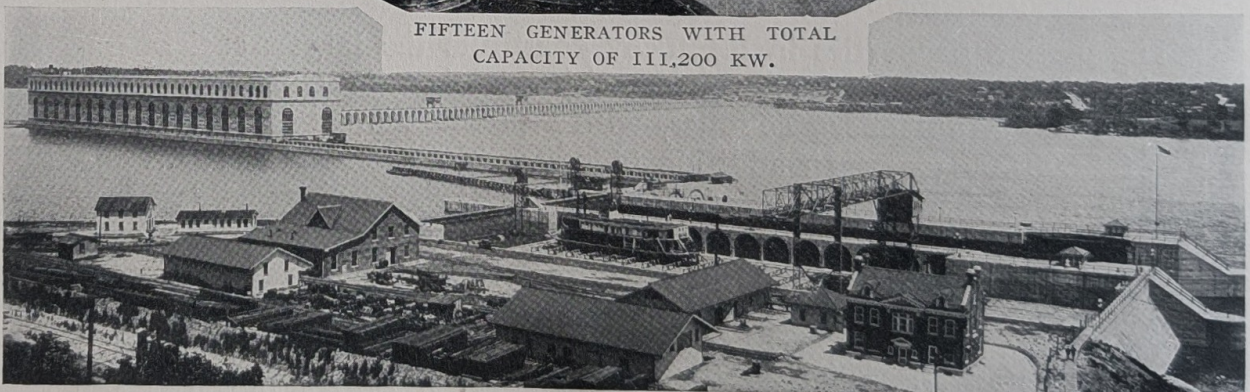
POWER BY DAY



AND BY NIGHT



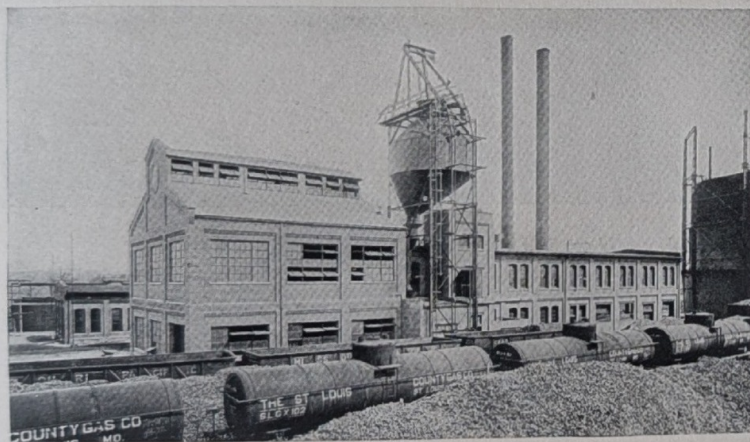
FIFTEEN GENERATORS WITH TOTAL
CAPACITY OF 111,200 KW.



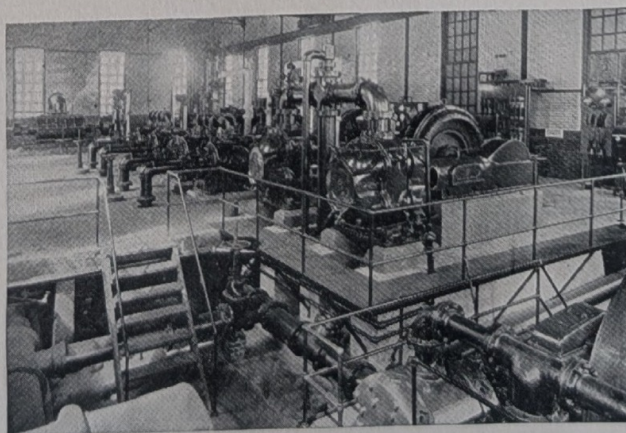
VIEWS OF THE MISSISSIPPI RIVER DAM AND POWER PLANT AT KEOKUK

The subsidiary also owns and operates a large barge building plant at Paducah, Kentucky, and coal yards at Evansville, Jeffersonville and New Albany, Indiana; Louisville and Paducah, Kentucky; and Memphis and Nashville, Tennessee; elevators, storage, facilities, shops, 12 large commissaries or stores, 1,100 miners' houses, a modern steel and concrete loading tippie on the Ohio River, river unloading tipples at Paducah, Kentucky, and Memphis, Tennessee, and 21 miles of standard gauge steam railroad by which deliveries are made to connecting railroads, including both the Illinois Central and Louisville & Nashville railroads.

A fleet of steamers and barges with auxiliary equipment is owned and operated for transportation of the subsidiary's product on the Ohio River, including one of the largest steel steamboats operated on inland waters in the United States.



GAS PLANT AT SHREWSBURY, MISSOURI



INTERIOR OF SHREWSBURY GAS PLANT



MILWAUKEE, WISCONSIN—POPULATION 510,000
CENTER OF HIGHLY DIVERSIFIED INDUSTRIAL AREA AND RICH AGRICULTURAL TERRITORY
SERVED BY THE MILWAUKEE ELECTRIC RAILWAY & LIGHT COMPANY

Diversity in Industrial Uses of Electricity

FOR several years past the electric and heating business of the Company has contributed an increasing proportion of the net income from operation. In 1925, 85 per cent was derived from that source as compared with 80 per cent in 1924 and 71 per cent in 1920. The following table shows the percentage of net income from operation derived for each source of operations, from 1920 to 1925, inclusive:

PERCENTAGE OF NET INCOME BY CLASS OF OPERATION

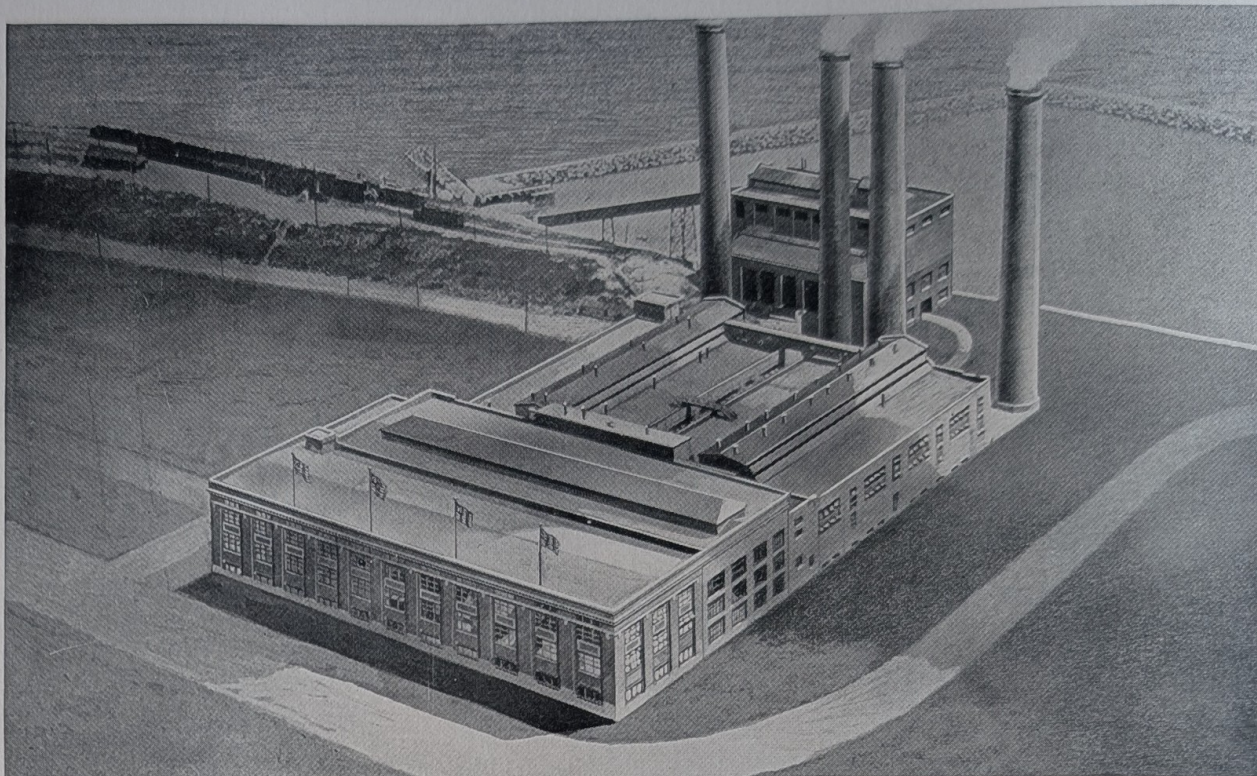
	ELECTRIC AND HEATING	ELECTRIC RAILWAY	GAS	COAL AND MISCELLANEOUS
1920.....	71.49	13.35	4.78	10.38
1921.....	75.20	15.39	5.31	4.10
1922.....	76.58	12.46	3.13	7.83
1923.....	80.53	13.07	2.91	3.49
1924.....	80.21	10.37	3.51	5.91
1925.....	84.58	8.20	3.28	3.94

As the properties taken under control late in 1925 are engaged almost entirely in the electric business, the proportion of consolidated net earnings attributable to such operations may be expected to increase substantially in the future.

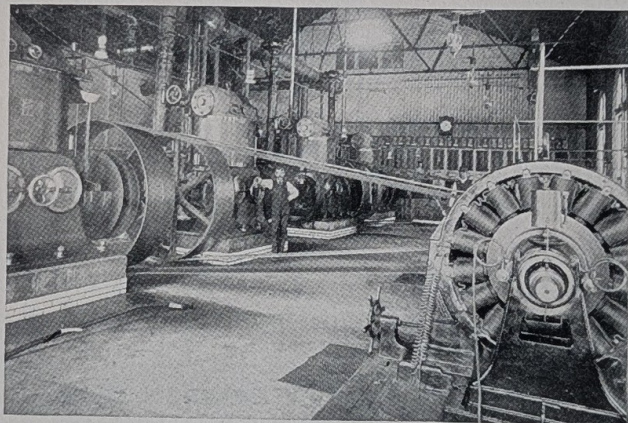
The North American System stands almost alone among the larger electric light and power systems in the unique character of diversity in its territories served. Serving four immense industrial areas,—each producing more than a billion dollars of manufactured products, the amount of energy supplied by each of the four groups of properties approximates that of each of the others.

It is of interest to compare the industrial character of the largest cities served in each of the four groups of properties. According to the 1923 census of manufactures, the latest available, Cleveland had 38 industries each producing more than one million dollars in value of products each year; St. Louis had 37 million-dollar industries; Milwaukee had 30 million-dollar industries; and San Francisco 38 million-dollar industries. The value of products of manufactures in these four cities amounts to more than three billion dollars annually in the aggregate.

It would take a remarkable combination of adverse developments to affect the earnings of the system seriously.

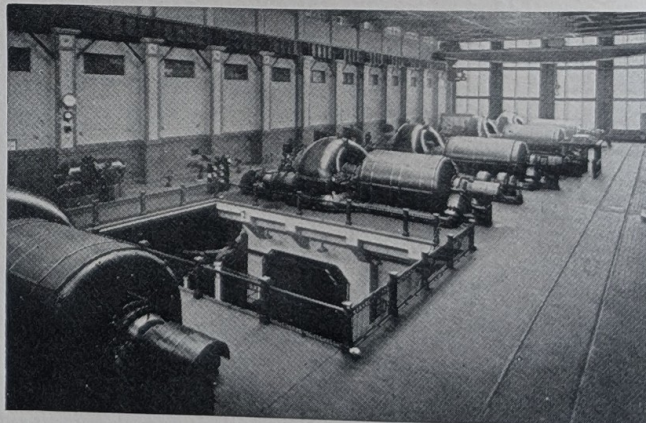


"LAKESIDE" STATION AT MILWAUKEE
 "THE LABORATORY POWER PLANT OF THE WORLD." THE FIRST LARGE STEAM
 POWER PLANT DESIGNED TO BURN PULVERIZED FUEL EXCLUSIVELY



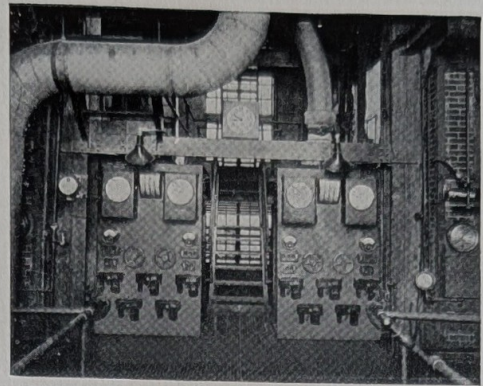
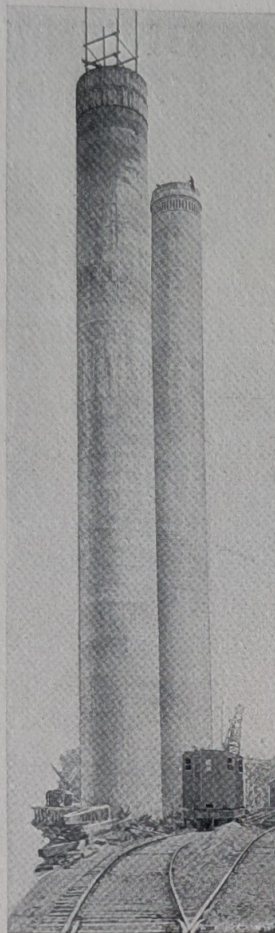
1900
 ONLY A QUARTER OF A CENTURY AGO! IT
 TOOK A GREAT DEAL OF BULKY MACHINERY
 TO GENERATE THE ELECTRIC ENERGY FOR THE
 DEMANDS OF THOSE DAYS. INTERIOR OF
 ONEIDA STREET PLANT, MILWAUKEE

1926
 EACH OF THE HUGE TURBO-GENERATORS
 IN THE "LAKESIDE" PLANT HAS A CAPAC-
 ITY HUNDREDS OF TIMES THE CAPACITY
 OF AN ENTIRE PLANT OF 1900

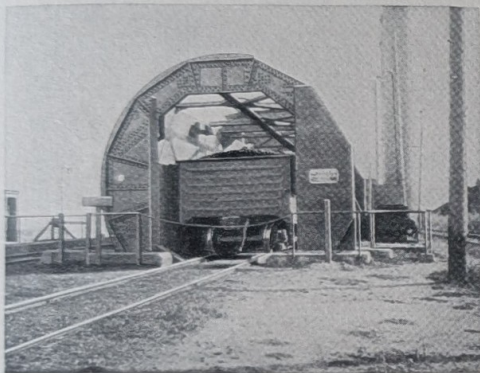




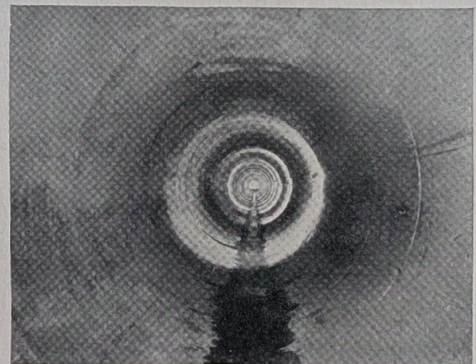
CENTRAL ROOM IN SWITCH HOUSE



CONTROL PANELS



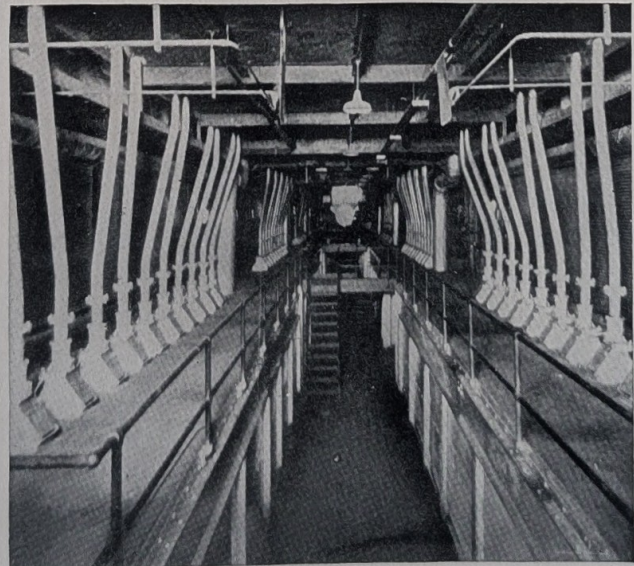
EMPTYING COAL BY THE CAR



CONDENSING WATER TUNNEL



STORAGE BINS FOR THE PULVERIZED COAL



FIRING AISLE, WITH COAL PIPES TO FURNACES

SCENES IN A PULVERIZED COAL BURNING POWER PLANT—"LAKESIDE"

A Sound Dividend Policy

THE North American Company has paid dividends quarterly at the rate of 6% per annum on its preferred stock since its issuance. Common stock dividends have been paid continuously for over seventeen years.

Unique in present-day finance is the common stock dividend policy of the Company, which has been in effect since 1923. Under this policy the shareholders of the common stock receive 10% annually in common stock, at par, at the rate of 2½% quarterly. This policy was adopted in recognition of the special requirements of the steadily expanding field of the public utilities and their need for additional capital.

The public utilities in the United States, so long as they provide adequate service, are protected by law in practically all of the states from invasion of the territories they serve, but when the company fails to do so other companies are admitted in order that the public may be adequately served. Competition in the public utility business is very generally recognized as being wasteful, because of more or less duplication of costly facilities.

The future of the electric light and power business requires interconnection between adjacent areas in order that the cost of service to the public may be reduced by lessening the amount of spare electric production capacity which must be carried in the aggregate to take care of peak demands. The electric light and power business increases much more rapidly than the increase in population because of the many new uses being developed for electric energy in both manufacturing and household purposes. For every dollar of increase in gross revenue an investment of between four and five dollars is required.

Thus in order to obtain money at low rates through the issuance of bonds and preferred stocks it is necessary to keep the capital structure balanced, which means that the investment in the equity or common stock of the operating companies must be proportionately increased as bonds and preferred stocks are issued.

The stock dividend policy is sound as long as the proceeds obtained by means thereof can be invested to earn at a rate equal to or greater than the percentage paid out. The usual allowance by the state public service commissions as a return on the fair value of the whole property is about 8%. The cost of bond and preferred stock financing is, of course, much less than 8%, which permits a higher return on the equity investment.

Briefly stated, the method of financing of The North American Company is as follows:

First, bonds of the subsidiaries to about 50% of the property cost;

Second, preferred stocks of the subsidiaries, sold locally.

Third, investment by the parent company in the common stocks of the subsidiary companies to keep their capital structures balanced in order that they may have sound credit and sell their senior securities to the best advantage. To accomplish this, the parent company is constantly in need of funds for investment, and under the present dividend policy there is left in the treasury of the Company a substantial proportion of the funds required for this purpose.

In the three-year period, 1923-1925, more than \$89,500,000 was expended for additions and extensions as new facilities, while for the year 1926 the budget calls for expenditures of \$60,000,000. Ten per cent on the present outstanding common stock of The North American Company is, roughly, \$4,000,000. The amount of annual dividends is but a small percentage of the total budget.

A special advantage accrues to the shareholders in stock dividends in that under a ruling of the Supreme Court of the United States stock dividends are not taxable as income.

The conservative dividend policy of The North American Company and the conduct of the subsidiaries in reinvesting surplus earnings in the business has secured the favorable comment of regulatory authorities.



SAN FRANCISCO, CALIFORNIA—POPULATION 560,000
SERVED BY GREAT WESTERN POWER COMPANY OF CALIFORNIA



OAKLAND, CALIFORNIA—POPULATION 254,000
SERVED BY GREAT WESTERN POWER COMPANY OF CALIFORNIA



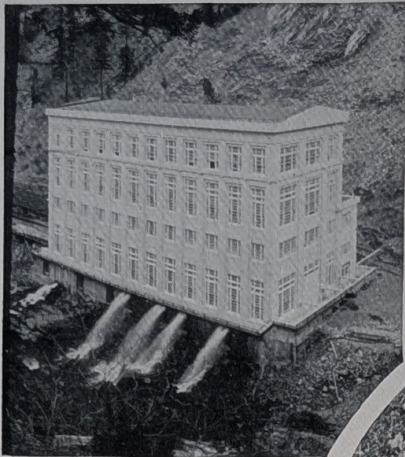
SACRAMENTO, CALIFORNIA—POPULATION 73,000
SERVED BY GREAT WESTERN POWER COMPANY OF CALIFORNIA



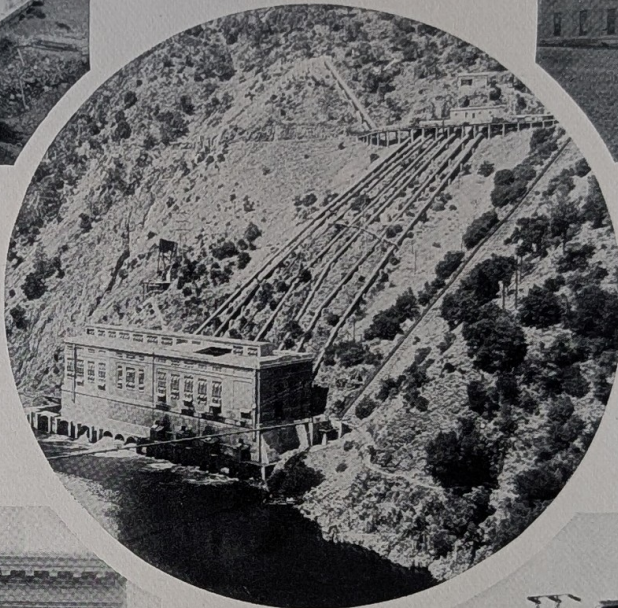
FRESNO, CALIFORNIA—POPULATION 59,000
SERVED BY SAN JOAQUIN LIGHT & POWER CORPORATION



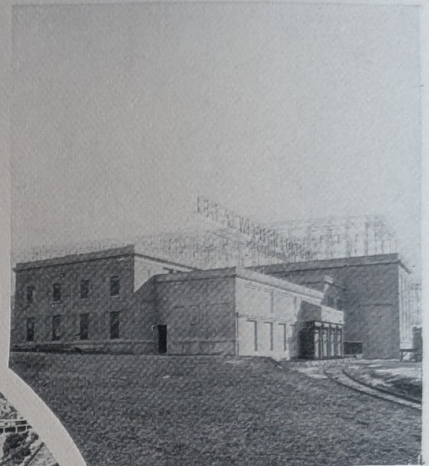
A SIERRA SOURCE OF POWER



CARIBOU PLANT
67,000 KW.



LAS PLUMAS PLANT
65,000 KW.



GOLDEN GATE
SUBSTATION



OAKLAND 20TH STREET SUBSTATION



OAKLAND FOURTH AVENUE SUBSTATION

VIEWS OF GREAT WESTERN PROPERTIES IN CALIFORNIA

The Development of the Properties

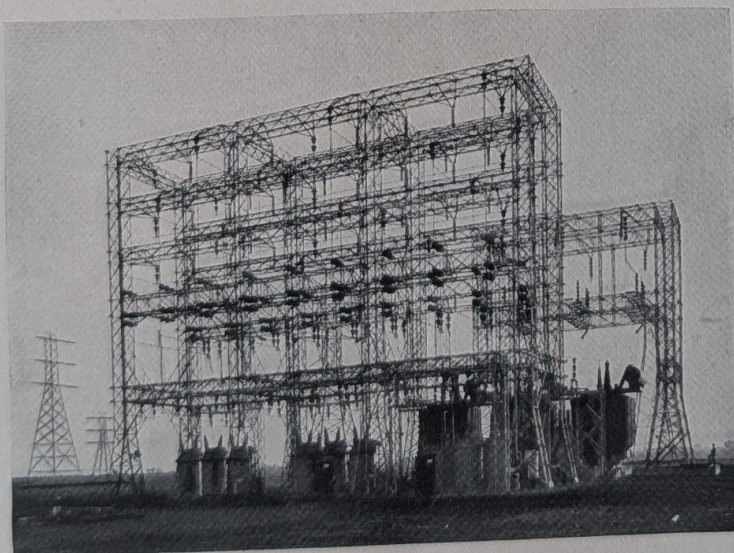
THE public utilities in the United States are in practically all of the states regulated by public service commissions. The first of such commissions was created in the year 1907,—the first two states having them being New York and Wisconsin. In most states under the general powers of the laws under which the commissions function, the commissions regulate the rates and services of the public utilities, pass upon the issuance of new security issues of the companies and protect the public utilities from unnecessary competition, either through the issuance of certificates of convenience and necessity or terminable permits.

In its annual report for the year 1905, two years prior to the passage of the first public service commission law in the United States, The North American Company publicly announced its policy concerning the development of its subsidiaries, as follows:

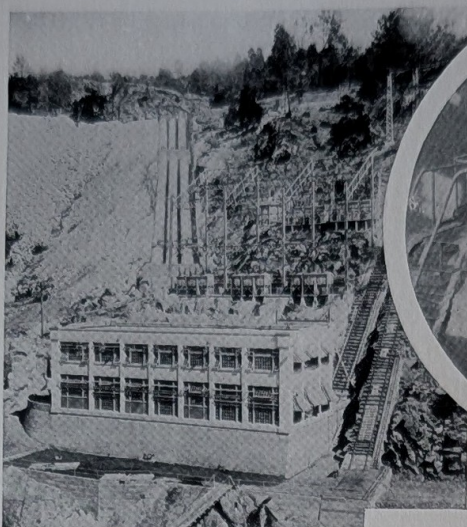
"The management of your Company believes that the policy which should govern the administration of public utilities, if they are to be stable and uniformly profitable investments, is to develop their facilities so that they may be adequate not only to meet the present demands of the communities in which they operate, with service of the highest standard but also to respond immediately to the growth of such communities and their business, however rapid it may be.

"The North American Company stands in a protective relation to these properties. It is not seeking to exploit them for present large profits. It holds their securities as permanent investments, and seeks to establish them in the favor and confidence of the public by just methods and efficient administration, and to maintain their finances on the most conservative basis."

By adherence to the principles adopted by it more than twenty years ago, The North American Company has gained and holds its position among the leaders in the public utility field.



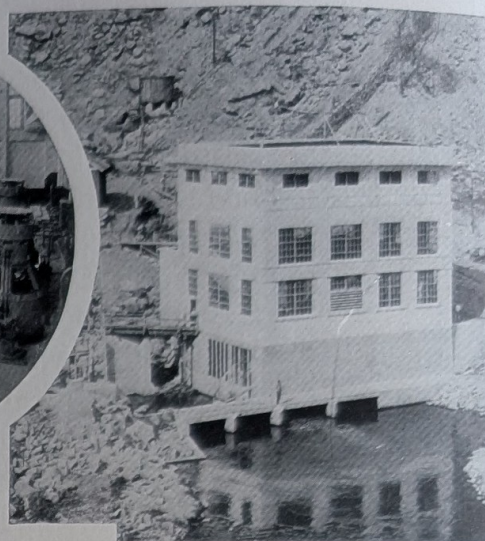
THE WILSON SUBSTATION
THE GATEWAY FOR POWER BETWEEN THE NORTH-
ERN AND SOUTHERN PROPERTIES IN CALIFORNIA



KERCKHOFF PLANT
39,000 KW.



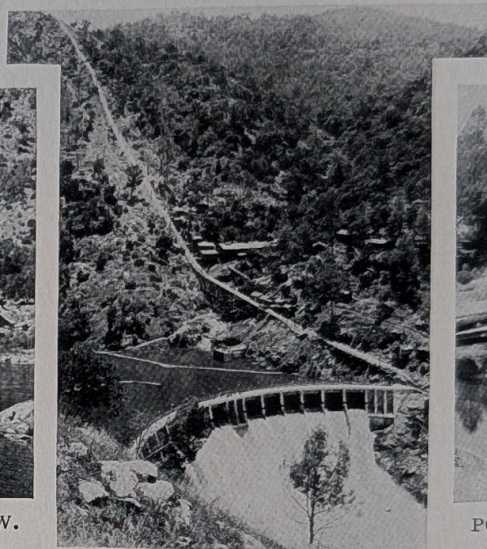
INTERIOR OF
KERCKHOFF PLANT



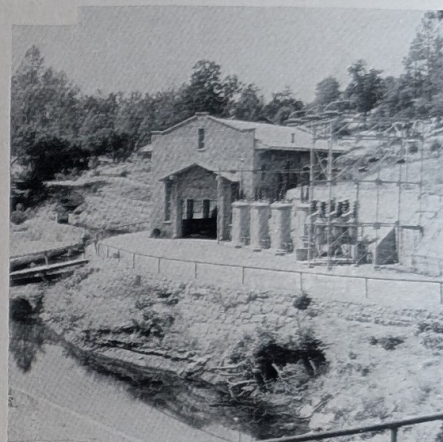
KERN CANYON PLANT
10,600 KW.



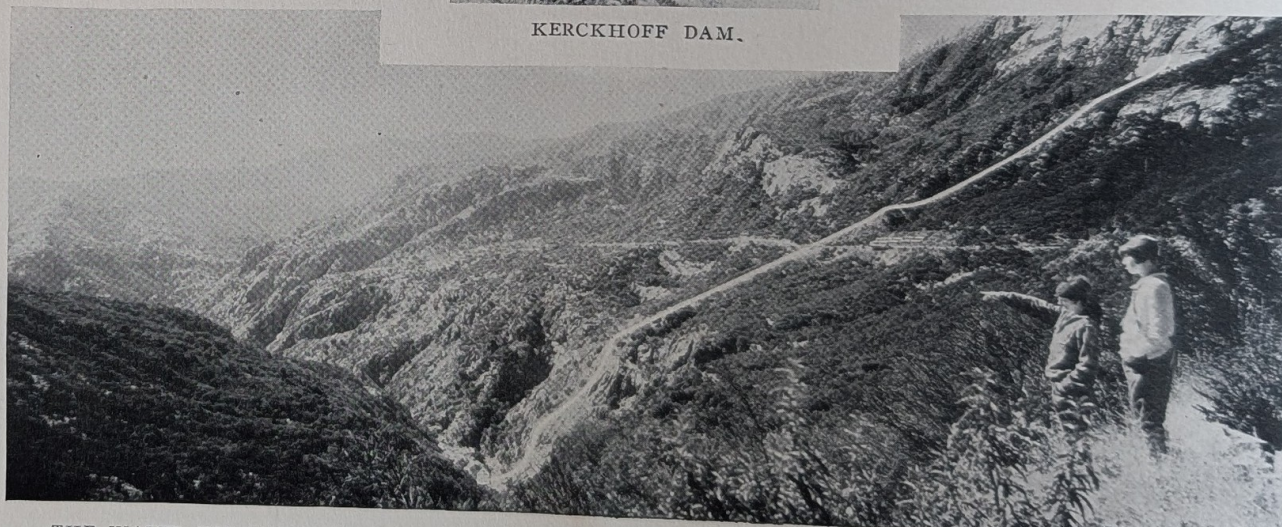
POWER HOUSE NO. 1—17,000 KW.



KERCKHOFF DAM.



POWER HOUSE NO. 2—3,100 KW.



THE WATER FOR THE NEW BALCH PLANT WILL DESCEND 4,854 FEET WITH A FALL OF 2,381 FEET
IN ELEVATION, ONE OF THE HIGHEST HEADS IN THE COUNTRY.

VIEWS OF SAN JOAQUIN PROPERTIES IN CALIFORNIA

The Interest of the Customers

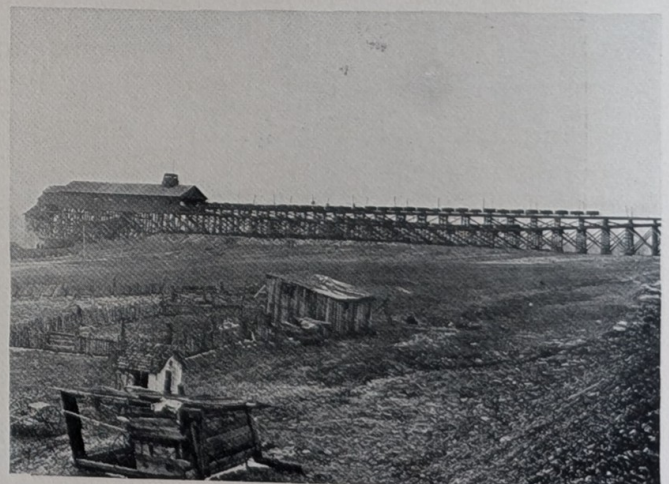
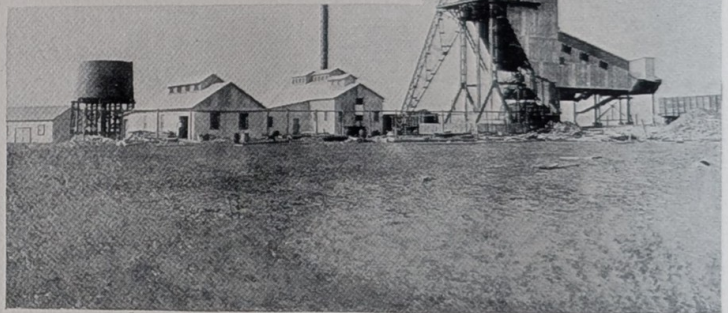
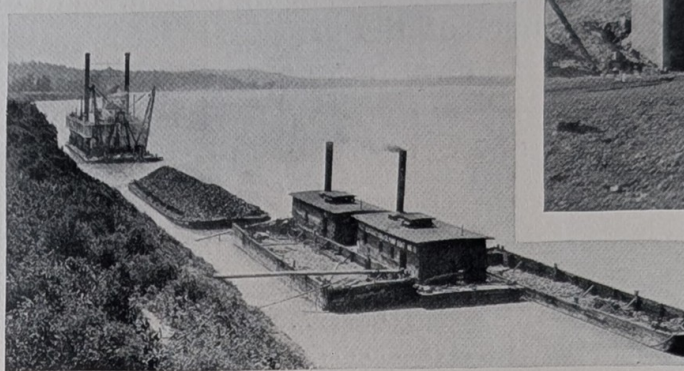
ONE of the significant facts in an analysis of The North American Company is the growing ownership of its securities by investors who are customers of the various subsidiaries in the North American System. The last five years have shown a very great increase in the number of such stockholders who have been attracted by the investment safety and return which North American securities have offered. At the present time there are over 100,000 holders of securities of The North American Company and its subsidiaries, of which over 30,000 hold stock of The North American Company itself. The rest hold stocks and bonds of subsidiary companies, the greater proportion of them being customers of the subsidiaries. The record of the customers of the principal subsidiaries in the purchasing of their securities is shown in an accompanying table.

STOCKS OF NORTH AMERICAN SYSTEM SUBSIDIARIES HELD LOCALLY BY CUSTOMERS

	CUSTOMER STOCK- HOLDERS OBTAINED	NUMBER OF SHARES SOLD TO CUSTOMERS	AVERAGE SHARES EACH
Cleveland Electric Illuminating Co., The....	6,023	100,000	16.5
Great Western Power Co. of Cal.....	3,755	39,232	10.4
Milwaukee Electric Railway & Light Co., The	15,500	100,000	6.5
San Joaquin Light & Power Corp.....	11,161	91,488	8.2
Union Electric Light & Power Co.....	17,415	145,000	8.3
Wisconsin Gas & Electric Co.....	4,253	25,000	5.9
Total above companies	58,107	500,720	8.6



AGRICULTURAL SCENE IN THE SAN JOAQUIN VALLEY, SHOWING PROXIMITY
OF ORCHARD LANDS TO THE MOUNTAIN SOURCES OF POWER



VIEWS OF COAL PROPERTIES IN WESTERN KENTUCKY
SHOWING MINE TIPPLES, MINE ENTRANCES, LOADING FACILITIES, EMPLOYEES' HOMES AND COAL
BARGING ON THE OHIO RIVER

The Advance in Technical Achievements

THE subsidiaries of The North American Company have taken a prominent part in the technical advancement of the electric industry.

The principal generating plants of the subsidiaries rank among the first in the world in economy of operation. The Lakeside plant, near Milwaukee, the first large central station to be designed exclusively for the use of pulverized coal, has for long periods held world records in minimum use of fuel per unit of energy generated. It is noteworthy that the unit fuel consumption at this station has each month lowered the station record for the same month of the previous year, with the exception of one month, during the entire period of its five years' operation.

The Cahokia steam generating station, in the St. Louis district, opened in 1923, is also designed exclusively for the use of pulverized fuel and is achieving, with the lower grades of coal for which it was planned, a fuel economy nearly as great as that of its sister plant in Wisconsin. The Lake Shore station in Cleveland continues to maintain its position as one of the most efficient producers of electric energy in the country, and ranks first in boiler efficiency. The recently opened Avon station near Cleveland, is designed for the use of pulverized coal, and will operate with the highest degree of efficiency.

The tangible and substantial results from improved and modern methods of generation, many of which were first evolved and used by the subsidiaries, are to be seen in the lower unit fuel costs. Compared with the steam power plant efficiencies experienced in 1921, the reduced fuel consumption per kilowatt-hour in 1925, represents a saving of more than 750,000 tons of coal, which at the average cost obtaining in 1925 amounts to nearly \$3,000,000.

It has long been the policy of the North American System to have the subsidiaries maintain their plants and systems at the highest standards and to provide amply for future withdrawals of property when necessary in the interest of improved and more efficient service. A continued decline in operating ratio has been made possible chiefly because of rigid adherence to this policy, despite reductions in unit sale price. Had the 1921 unit revenues obtaining in that year been applied to the energy sales in 1925, earnings in 1925 would have been approximately \$10,000,000 higher than received under 1925 rates.

In the field of electric generation by water power the North American System stands high in the efficient utilization of water at both low and high heads. On the Mississippi River, 150 miles above St. Louis, is the Keokuk dam and power house, generating electricity at low cost by utilizing the river's waters at a head of only 32 feet.

In the Far West, in the heights of the Sierra Nevadas, the System has in operation many hydro-electric plants with high records of efficiency, and many more are in process of construction. The difficulties attending the construction of the huge reservoirs and dams, the long tunnels, and modern power plants have been overcome only by some of the finest engineering skill in America. Romance in industry tells no finer story than the conquering of the Sierras by the power engineers. Trails had to be started, followed by full-width roads through many miles of mountain granite; camps were established at high elevations; heavy machinery had to be transported to the mountain valleys; winter snows and blizzards were fought and overcome.

Relations with the Employes

RECOGNIZING that relations between a public utility and its customers correspond closely to the degree of the excellence of relations between the public utility and its employes, the operating subsidiaries have always been at the fore in advancing the interests of its employes. Economies of operation have been shared with the employes in increased wages, with the public in better service and lower rates, and with the investors in satisfactory returns earned with a surplus which gives assurance of safety of principal and of regularity of return.

The fact that the subsidiaries are principally of large size and independent importance has been responsible for an adoption of policies somewhat different from those of most other public utility holding companies.



THE "CHARLES F. RICHARDSON"

ONE OF THE LARGEST STEEL STEAMBOATS OPERATED ON INLAND WATERS
IN THE UNITED STATES. USED FOR TOWING BARGES BELOW PADUCAH

The operating, construction, employe and public relations activities of the subsidiaries are conducted by their own executive staffs, and not through a centralized management and engineering organization governing the operations of all subsidiaries. These executives are charged directly with the responsibilities of maintaining the highest standards of service with maximum efficiency, adequately anticipating needs for additional facilities to keep pace with the growth of the communities served, and earning and retaining the confidence of the public and of the employes.

The heads of the various departments of the subsidiaries, and of other companies in which The North American Company has substantial investments, are brought together through a system of advisory committees, and have thus been enabled effectively to pursue important co-operative researches which have materially aided in the establishment of unique records in efficient and economical operation. Among the notable instances of the pioneering work of the subsidiaries is the "Lakeside" electric generating station of Wisconsin Electric Power Company, in continuous and successful operation since 1920, which was the first central station designed for the exclusive use of pulverized fuel, a practice since widely adopted in the industry with substantial economies in fuel consumption. The power stations of the subsidiaries constitute what are probably the largest and most economical sources of electric generation under single control in the world.

The Era of Electric Light and Power

PROSPECTS for further growth of the electric light and power business are even brighter today than they were fifteen years ago when the real development of the industry commenced. Despite the striking figures of growth of the recent years it is estimated that the electric business today has reached only about 10 per cent of its potentialities.

The development of new and more intensive applications of electricity in the forms of light, power, heat and chemical agents has further opened up the field for greater use well beyond the goal set fifteen years ago, when growth was progressing so rapidly that the saturation point was then thought to be in sight.

The relative stability of earnings of electric light and power companies is to a great extent assured because of the proportion of revenues derived from residence and commercial lighting service. It is conservatively estimated that the near future will see an increase in the proportion of revenue from residence lighting alone to between 40 or 50 per cent of the total, through the increase of the standard of residence lighting to one of convenience and adequacy. Today the average residence consumer uses but 365 kilowatt-hours per annum for which he pays about \$28.00.

With the increase in the standard of lighting and with the annual addition of one million residence customers to the central station lines, there become apparent the enormous possibilities of increased revenues from this field. Domestic electric refrigeration has proved its economic position in the household and is spreading through the country with tremendous rapidity. Its use is of the most desirable character to the electric companies, for it requires no extra investment in line equipment; it furnishes a load to offset the lower lighting load of the summer months; it offers an off-peak night load, and is a steady consumer of energy with no peak requirements. Other home appliances, such as electric ranges, flatirons, vacuum cleaners, toasters, percolators, fans, etc., number well into the millions and contribute greatly to the residence use.

Power in industry will be an even greater factor in the future than it is today. Steam power generation in factories is rapidly being displaced by purchased electric power. Industrial heating is an important item and is rapidly increasing.

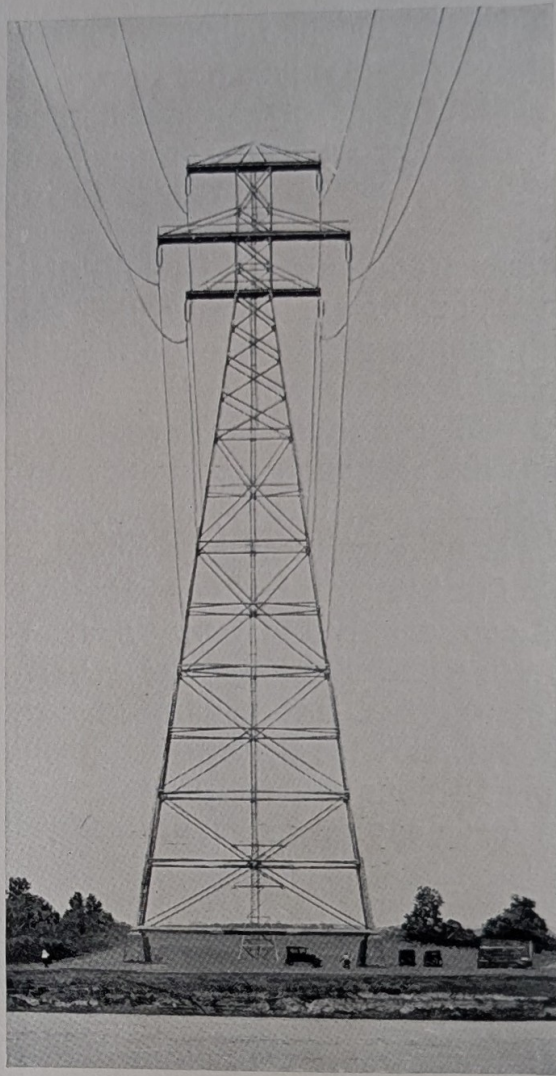
Interconnection of transmission lines has made rural electrification of the farms economically possible. From the estimated 3 per cent to 6 per cent electrification of the country's 6,000,000 farms today we may anticipate a rapid growth of service. In a district of the Wisconsin system of The North American Company more than 15 per cent of the farms are using electric energy for light and agricultural uses and many farms are being connected to the lines each day.

Electricity has become a fundamental necessity and there is no limit to the uses to which it can be applied, not only in the factory and workshop but in the home and on the farm. As the possibilities resulting from the flexible distribution of cheap and reliable power become better appreciated and demand grows the electric light and power companies will fulfill their destiny as the greatest of civilizing agents, through the betterment of the social and industrial life of the people.

It would seem, therefore, that the electric industry in the United States has just begun its real growth. Its past has shown what may be expected in the future. The probabilities of greater development apply with special force to those electric light and power companies whose present financial position, size and record of earnings reflect their capable and efficient managements.

The North American Company and its subsidiaries form, as has been pointed out in this book, one of the largest singly controlled, as well as one of the most successful, groups of electric light and power systems in the world. Their record of conservative financing and efficient operation indicates that they will continue to develop at a rate equal to, or even exceeding, that of the past years. This growth will apply not only to the business of the subsidiaries, but to increasing the growth in the stockholders' equity as well as net earnings.

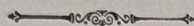
The properties of the System are in excellent physical condition. The properties have been consistently built up with an eye to future service requirements. Operating results are continually improving, through lower unit costs of operation. Actual earning power is showing consistent growth. In the next few years the System will begin to realize the full benefits of extensive additions and improvements in physical properties which have required large capital expenditures for future service demands.



“POWER”

THE PATHWAY TO PROSPERITY

APPENDIX



Comparative Balance Sheets

Comparative Income Accounts

Directors and Executive Officers

Principal Companies Controlled



THE NORTH AMERICAN COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS—*ASSETS*

	JUNE 30, 1926	DECEMBER 31, 1920	DECEMBER 31, 1910
PROPERTY AND PLANT.....	\$551,547,120	\$119,504,435	\$71,512,177
TREASURY SECURITIES.....	.....	31,000	.....
CASH AND SECURITIES ON DEPOSIT WITH TRUSTEES.....	1,447,038	12,133,102	12,989
INVESTMENTS:			
Stocks and Bonds of Other Companies..	\$25,856,602		
Sundry Investments, including Pre- ferred Stocks and Bonds of Subsidiaries	5,633,222		
TOTAL	31,489,824	3,643,807	5,465,505
CURRENT AND WORKING ASSETS:			
Cash.....	\$21,094,743		
United States Government Securities....	524,375		
Notes and Bills Receivable.....	1,091,264		
Accounts Receivable.....	14,444,233		
Material and Supplies.....	10,835,092		
TOTAL	47,989,707	16,282,171	6,014,815
INTERCOMPANY ACCOUNTS.....	.....	110,522	.....
PREPAID ACCOUNTS.....	767,148	108,728	44,717
OPEN ACCOUNTS.....	.....	1,205,906	.....
DISCOUNT AND EXPENSE ON SECURITIES.	14,052,199	2,808,448	1,315,503
PREMIUM ON INVESTMENT SECURITIES.....	.....	4,862,559	802,664
TOTAL.....	<u>\$647,293,036</u>	<u>\$160,690,678</u>	<u>\$85,168,370</u>

THE NORTH AMERICAN COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS—*LIABILITIES*

	JUNE 30, 1926	DECEMBER 31, 1920	DECEMBER 31, 1910
SIX PER CENT CUMULATIVE PREFERRED STOCK:			
Authorized.....	\$60,000,000		
Outstanding:			
Stock.....	\$30,333,350		
Scrip.....	2,400		
TOTAL.....	\$30,335,750	.....	.....
COMMON STOCK:			
Authorized.....	\$60,000,000	*\$30,000,000	*\$30,000,000
Outstanding:			
Stock.....	\$38,840,950		
Scrip.....	81,302		
TOTAL.....	38,922,252	\$29,793,300	\$29,793,300
PREFERRED STOCKS OF SUBSIDIARIES.....	129,250,554	8,638,600	4,500,000
MINORITY INTERESTS IN CAPITAL AND SURPLUS OF SUBSIDIARIES.....	9,654,148	2,156,434	183,496
DIVIDEND PAYABLE IN COMMON STOCK.....	970,979	.....	.....
FUNDED DEBT OF SUBSIDIARIES.....	\$338,601,682		
Less Securities Deposited with Trustees.....	55,221,850		
TOTAL.....	283,379,832	80,240,814	36,443,132
CURRENT LIABILITIES:			
Notes and Bills Payable.....	\$3,472,142		
Accounts Payable.....	4,657,368		
Sundry Current Liabilities.....	3,477,091		
TOTAL.....	11,606,601	9,365,275	4,271,929
ACCRUED LIABILITIES:			
Taxes Accrued.....	\$8,100,687		
Interest Accrued.....	3,456,420		
Dividends Accrued.....	1,038,869		
Sundry Accrued Liabilities.....	108,975		
TOTAL.....	12,704,951	2,235,431	848,270
OPEN ACCOUNTS.....	.....	552,291	.....
RESERVES:			
Depreciation.....	\$61,668,941		
Other Reserves.....	9,212,214		
TOTAL.....	70,881,155	16,644,903	3,717,594
CAPITAL SURPLUS (Premium on Capital Stock)	23,924,208	.....	.....
SURPLUS.....	35,662,606	11,063,630	5,410,649
TOTAL.....	\$647,293,036	\$160,690,678	\$85,168,370
*Capital Stock.			

THE NORTH AMERICAN COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME STATEMENTS

	Year Ended June 30, 1926	Year Ended December 31, 1920	Year Ended December 31, 1910
GROSS EARNINGS	\$107,320,301	\$39,611,162	\$10,953,416
OPERATING EXPENSES, MAINTENANCE AND TAXES.....	60,752,328	30,110,351	6,024,679
NET INCOME FROM OPERATION.....	\$46,567,973	\$9,500,811	\$4,928,737
OTHER NET INCOME.....	3,417,916	208,673	533,125
TOTAL.....	\$49,985,889	\$9,709,484	\$5,461,862
DEDUCTIONS:			
Interest Charges.....	\$15,452,740		
Preferred Dividends of Subsidiaries.....	7,189,681		
Minority Interests.....	1,304,551		
TOTAL DEDUCTIONS.....	23,946,972	4,313,196	2,652,700
BALANCE FOR DEPRECIATION, DIVIDENDS AND SURPLUS.....	\$26,038,917	\$5,396,288	\$2,809,162
RESERVES FOR DEPRECIATION.....	11,012,840	2,705,953	1,150,407
BALANCE FOR DIVIDENDS AND SURPLUS.....	\$15,026,077	\$2,690,335	\$1,658,755
DIVIDENDS ON NORTH AMERICAN PREFERRED STOCK.....	1,801,241	—	—
DIVIDENDS ON NORTH AMERICAN COMMON STOCK.....	\$13,224,836 3,627,148	\$2,690,335 1,489,665	\$1,658,755 1,489,665
TO SURPLUS AFTER ALL DIVIDENDS AND RESERVES.....	\$ 9,597,688	\$1,200,670	\$ 169,090
TOTAL TO DEPRECIATION RESERVES AND TO SURPLUS AFTER ALL DIVIDENDS.....	\$20,610,528	\$3,906,623	\$1,319,497

DIRECTORS AND EXECUTIVE OFFICERS
OF
THE NORTH AMERICAN COMPANY

DIRECTORS

EDWIN M. BULKLEY	EDWIN GRUHL	HENRY H. PIERCE
ANSON W. BURCHARD	CLINTON W. HOUGH	CHAS. A. STONE
FRANK L. DAME	ROBERT LINDSAY	FRED VOGEL, JR.
FREDERICK W. DOOLITTLE	CHARLES F. PFISTER	EDWARD H. WELLS
JAMES F. FOGARTY		EDWARD G. WILMER

EXECUTIVE COMMITTEE

HENRY H. PIERCE	FRANK L. DAME
EDWARD H. WELLS	EDWIN GRUHL
FREDERICK W. DOOLITTLE	

OFFICERS

FRANK L. DAME . . .	<i>President</i>
EDWIN GRUHL . . .	<i>Vice-President and General Manager</i>
FREDERICK W. DOOLITTLE	<i>Vice-President</i>
JAMES F. FOGARTY . . .	<i>Vice-President</i>
ROBERT SEALY . . .	<i>Treasurer</i>
FREDERICK H. PISKE . . .	<i>Secretary and Assistant Treasurer</i>
ROBERT RANDALL . . .	<i>Assistant Secretary</i>
CHARLES D. BURDICK . . .	<i>Assistant Treasurer</i>
SULLIVAN & CROMWELL . . .	<i>General Counsel</i>

TRANSFER AGENTS

ROBERT RANDALL	} 60 Broadway, New York, N. Y.
ALBERT E. TAYLOR	
MISSISSIPPI VALLEY TRUST COMPANY, ST. LOUIS, MISSOURI	

REGISTRARS

BANKERS TRUST COMPANY, New York . . .	} Preferred Stock
MERCANTILE TRUST COMPANY, St. Louis . . .	
THE EQUITABLE TRUST COMPANY OF NEW YORK	} Common Stock
MERCANTILE TRUST COMPANY, St. Louis . . .	

Preferred and Common Stock listed on New York Stock Exchange

PRINCIPAL COMPANIES CONTROLLED
BY
THE NORTH AMERICAN COMPANY

CENTRAL MISSISSIPPI VALLEY ELECTRIC PROPERTIES
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
DALLAS CITY LIGHT COMPANY
EAST ST. LOUIS LIGHT & POWER COMPANY
EAST ST. LOUIS RAILWAY COMPANY
THE EAST ST. LOUIS AND SUBURBAN COMPANY
EAST ST. LOUIS & SUBURBAN RAILWAY COMPANY
EDISON SECURITIES CORPORATION
FORT MADISON ELECTRIC COMPANY
GREAT WESTERN POWER COMPANY OF CALIFORNIA
IRON MOUNTAIN LIGHT AND POWER COMPANY
KEOKUK ELECTRIC COMPANY
MIDLAND COUNTIES PUBLIC SERVICE CORPORATION
THE MILWAUKEE ELECTRIC RAILWAY AND LIGHT COMPANY
MILWAUKEE NORTHERN RAILWAY COMPANY
MISSISSIPPI RIVER POWER COMPANY
NORTH AMERICAN EDISON COMPANY
NORTH AMERICAN UTILITY SECURITIES CORPORATION
PENINSULAR POWER COMPANY
ST. LOUIS & BELLEVILLE ELECTRIC RAILWAY COMPANY
THE ST. LOUIS COUNTY GAS COMPANY
ST. LOUIS & EAST ST. LOUIS ELECTRIC RAILWAY COMPANY
SAN JOAQUIN LIGHT & POWER CORPORATION
60 BROADWAY BUILDING CORPORATION
UNION COLLIERY COMPANY
UNION ELECTRIC LIGHT AND POWER COMPANY (Mo.)
UNION ELECTRIC LIGHT AND POWER COMPANY OF ILLINOIS
WESTERN POWER CORPORATION
WEST KENTUCKY COAL COMPANY
WIRED RADIO, INC.
WISCONSIN ELECTRIC POWER COMPANY
WISCONSIN GAS & ELECTRIC COMPANY
WISCONSIN TRACTION LIGHT, HEAT AND POWER COMPANY

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